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NEWS SUMMARY

GENERAL

Letter bomb attacks hurt six

people were hurt in a spate of letter bomb blasts at two post office sorting offices in Birmingham.

Three incendiary devices exploded within half an hour at the main sorting office in Royal Mail Street, and a fourth went off at a distric office in Hockley.

More than 2,000 workers were evacuated from the head sorting office — the largest in Europe — as the tea time explosions damaged a small area and destroyed a large number of postal packets. One worker was slightly hurt in this blast and another five in a larger blast which caused a fire at the Hockley office.

Life for terrorist

Arab terrorist Fahad Mihyi was given four life sentences at the Old Bailey for the gun and grenade attack on an El Al aircrew in Mayfair last August.

Astles must go

Bob Astles, British-born aide to former Ugandan dictator Idi Amin, was ordered by a Kenyan magistrate to be extradited to Uganda to face a murder trial. Legal experts said he could be in Uganda by today.

Policeman freed

A constable questioned for days by police investigating the death of anti-Nazi League demonstrator Blair Peach during the riot in Southall in April was released, but suspended from duty.

Missile go-ahead

President Carter has decided to go ahead with full-scale development of the MX missile, the first strategic nuclear system to be built by the U.S. in a decade, the White House announced. Back Page

Carter praised

President Carter's decision to continue U.S. sanctions against Zimbabwe - Rhodesia was applauded by Dr. Kurt Waldheim, UN Secretary-General. Back Page

DC-10/707 crash report

Shortcomings by airliner certification authorities contributed to the crash two years ago of a Dan-Air Boeing 707, says a Government report. Back Page

Petrol plea

Tourist boards throughout Britain are appealing to motorists planning holidays, and to petrol stations, not to panic because of the petrol shortages.

Vietnam pledge

Vietman has signed an accord with Mr. Poul Hartling, the UN High Commission for Refugees allowing for the orderly departure of all people wishing to leave the country.

Hartnell dies

Sir Norman Hartnell, the man who designed the Queen's wedding dress, died of a heart attack in King Edward hospital, Windsor. He was 77. Page 4

Briefly . . .

Senator Edward Kennedy was quoted as saying he might run for the U.S. Presidency next year—but only if Jimmy Carter stood down.

FOUR young airline hostesses overpowered a hijacker armed with a double-barrelled shotgun who had held them hostage for an hour at Brisbane.

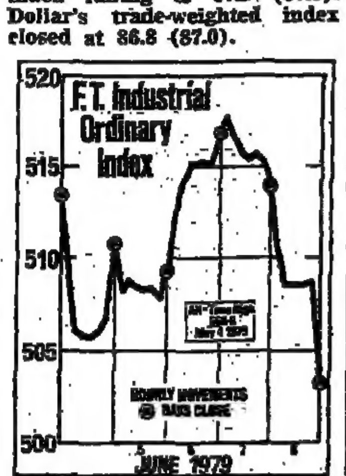
BUSINESS

Equities off 10.8; Gold at record

● EQUITIES reacted sharply to the current account deficit in the UK trade returns, the FT *30-share index closing* 10.8 down at 503.2.

● GILTS were similarly affected, the Government Securities index losing 0.56 to close at 72.60.

● STERLING closed 25 points down at \$2.0630, the pound's index falling to 67.2 (67.3). Dollar's trade-weighted index closed at 86.8 (87.0).



● GOLD rose \$2¼ an ounce to close at an all-time high of \$279¾. The New York Comex June settlement price was \$280.50 (\$277.50).

● NICKEL: Three months quotation was £102.5 a tonne lower at £3,262.5. Page 29

● WALL STREET closed 1.32 down at 835.15.

● U.S. money supply: M1 fell from \$364.5bn to \$364.1bn; M2 rose from \$894.5bn to \$895.4bn.

Soames warns on pay claims

● *UNION attempts to justify* high wage demands during the next pay round on the basis of the Government's latest top salaries pay award "would not stand up," according to Lord Soames, Lord President of the Council. Back Page. Civil Service pay offer, Page 4

● BRITISH RAIL has secured a new source of diesel fuel supplies from British Petroleum, which has allowed it to soften the planned 7 per cent cut in diesel passenger services to 2 per cent. Back Page. Other oil crisis reports, Page 2

● U.S. Federal judge imposed \$6.1m in fines on seven international shipping lines—including Atlantic Container Line of *Southampton—and* 13 executives, all of whom pleaded no contest to price-fixing charges.

● EUROPEAN Commission's plan for an ambitious "scrap and build" programme to boost the EEC's ailing shipping and shipbuilding industries are understood to have met with serious opposition from member states. Page 2

● WORKERS at the Burntisland Fabricators yard in Fife building essential modules for Texaco's Tartan oil platform voted to call off their three-week strike and return to work tomorrow. Page 4

● TUC will resist Government attempts to downgrade the National Enterprise Board or hive off profitable parts of nationalised industries. Mr. David Lea, assistant general secretary, said. Page 4

COMPANIES

● THOMAS FRENCH and Sons raised taxable profits in the half-year to March 31 from £540,231 to £774,944, on turnover of £7.34m, against £6.76m. Page 20

● PECHINEY Ugine Kuhlmann, the French metals and chemicals company, reports net results last year of FFr 261m (\$59.3m) from FFr 377m previously. Page 29

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Bestobell	215	+ 7
Bexon (D.)	163	+ 11
Hambros	308	+ 8
Millards	330	+ 13
Hinton (Amos)	104	+ 7
Norwest Holst	117	+ 8
Finley (B.)	395	+ 15
Riefus	151	+ 14
Ltd. Scientific	308	+ 8
Harrisons Mly. Ests.	164	+ 10
Sinta Kellas Rubber	177	+ 14
Lanuva	315	+ 17
Ayer Hitam	335	+ 10
Grootvlei	192	+ 15
FALLS		
Treas. 12pc 1983	£100¾	− 1
Barclays Bank	455	− 8
Brown and Jackson	230	− 20
Dowty	343	− 18
ERF	117	− 5
Fisons	265	− 10
Furness Withy	298	− 7
GEC	379	− 14
Glaxo	470	− 10
Grand Met.	139	− 5
GUS A	398	− 8
ICI	372	− 8
Lucas Inds.	287	− 11
Metal Box	328	− 6
Mining Supplies	108	− 5
Northern Foods	112	− 5
Tube Invs.	394	− 8
Shell Transport	376	− 14
Bracken	88	− 6
Falcon Mines	310	− 10
Hartebeest	£19¼	− ½
Leslie	75	− 5
West Drie.	£27¼	− ¾

Capital inflow offsets £1bn trade deficit

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN had a deficit of £1bn on the current account of its balance of payments in the first four months of this year. But this has been more than offset by substantial inflows of capital which have boosted sterling.

The trade figures for February to April had been *held up until yesterday by the* impact of the Civil Service industrial dispute. The current account deficit now revealed is much larger than the City had been expecting and both sterling and stock market prices fell.

Balance of Payments Surplus and tables Page 4
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Sterling at one stage dropped by 1½ cents against the dollar but later rallied to close 25 points down at \$2.0630. The trade-weighted index, measuring the value of sterling against a basket of other currencies, fell 0.1 on the day to 67.2 after 67.4 at noon.

In the gilt-edged market, immediate falls of a point in longer-dated stock were limited to half a point at the close. But shorter-dated stock finished around their lowest levels of a point down because of fears about interest rate prospects. The FT 30 Share Industrial Ordinary Index, which had been 5.4 down before the news, finished 10.8 lower at 503.2.

The figures are distorted not only by the impact of the Civil Service dispute and the road haulage strike but also by a possible erratically high level of imports, especially cars.

Leaving aside all special explanations there has probably been a underlying deterioration since the second half of last year when there was a current *account surplus.*

Adverse effects amounting to £450m from the Civil Service dispute (due to under recording of imports) have yet to show in the figures. But the official expectation is that once these effects are out of the way, the current account should be broadly in balance on a 6 to 12 month view.

This is supported by hopes of a rapidly improving oil balance as a result of increased production and higher prices for North Sea crude oil. So far this year there has been an average monthly deficit on visible trade in oil of £88m compared with an average deficit of nearly £170m last year.

This prospect has been one of the reasons why sterling has been so strong this year. The big current account deficit explains why capital inflows—estimated at £1.55bn in the first quarter—did not have an even larger impact on either the official reserves or the exchange rate.

BALANCE OF PAYMENTS
£m seasonally adjusted

		Visible trade	Invisibles	Current account
1978	1st	−596	+227	−369
	2nd	−173	+381	+208
	3rd	−367	+521	+154
	4th	− 39	+489	+450
1979	1st	−1,181	+394	−787
	Jan.	−126	+132	+ 6
	Feb.	−766	+131	−635
	Mr.	−289	+131	−158
	Apr.	−327	+110*	−217*

* provisional

Source: Department of Trade

These capital inflows have yet to make a significant impact on the domestic money supply which is growing at slightly above the upper end of the official target range.

The latest figures will not result in any sudden revision of Tuesday's Budget by Sir Geoffrey Howe, the Chancellor. *But the decisions are anyway* likely to have been affected by the broad picture of buoyant imports and a strong pound. This may lead to a relaxation of exchange controls.

In the first four months of the year as a whole the impact of the road haulage and Civil Service disputes roughly cancelled each other out. But the Trade Department believes the level of imports may have been erratically high "so that the deficit overstates the underlying position."

The volume of imports of road vehicles in the first four months of the year was, for example, 26 per cent higher than last year's average level.

It is possible that imports may have been boosted by exceptional stockbuilding in the first quarter. A less comforting explanation is that the recent consumer boom has led to a further rise in the penetration of the home market by imports of manufactured goods.

On the export side sales to Iran and Nigeria have dropped by more than £100m a month compared with *last year.* The uncertainty on exports is whether the rise in volume in March and April represented merely a catching up on the low figures of the previous two months or the start of a new rising trend.

The unfavourable trend in the *volume of exports and imports* would have had an even larger impact on the trade figures but for the rise in sterling. The result was that by April the terms of trade—the ratio of export to import prices—were nearly 2 per cent higher than in December. This was in spite of the rise in the price of oil and other commodities.

Under a third voted in UK Euro-poll

BY RICHARD EVANS, LOBBY EDITOR

LESS THAN a third of Britain's electorate voted in the first direct election to the European Parliament with a display of *apathy which dismayed politicians* in all major parties.

As a low turnout is held to favour the Conservatives, the prospect is that they will score a runaway triumph in the i when the results are declared throughout the European community late tomorrow and throughout Monday.

If the May general election result was repeated the Conservatives would have gained 49 of the 79 UK constituencies but the Labour Party was lost night preparing itself for an even more substantial defeat. Some Labour leaders predicted that the party *would win well under 20 seats,* and possibly as few as 12.

The scale of the apathy will force political leaders in all parties to take stock of Britain's relations with her Common Market partners. Labour's pro-Marketeers will find it harder than ever to hold the line against *anti-Market pressures.* Mrs. Thatcher will probably be obliged to make more urgent demands for EEC reforms.

The major anxiety for the Conservatives is that the appalling turnout will confirm the UK as the least committed Europeans in the Common Market and will make the task of the new Strasbourg MPs much more difficult. They can scarcely claim to have an overwhelming mandate from the electorate.

What has been presented by *pro-marketeers, as an historic* multi-national election and the means of restoring dynamism to the Community turned out to be a massive electoral flop in the UK. With turnout figures available last night from 53 constituencies the average vote was a fraction over 31 per cent compared *with 76 per cent at the* general election.

A low poll had been widely anticipated but the general expectation was that it would approach 50 per cent. But no constituency outside Northern Ireland topped 40 per cent—the highest was Devon with 38.7 per cent. In *Liverpool* the turnout was a derisory 23.5 per cent.

An initial analysis suggested *that the Conservatives benefited* from greater abstentions among traditional Labour voters as polling in urban areas was significantly lower than in rural constituencies.

An exception to the general trend was in Northern Ireland where one constituency was returning three members under a Proportional Representation voting system the turnout was about 60 per cent overall. In

Continued on Back Page
Map Page 3

Iran to nationalise all privately-owned banks

BY ANDREW WHITLY IN TEHRAN

THE IRANIAN Government yesterday announced the nationalisation of all privately-owned banks. The decision affects 13 joint venture banks with foreign minority shareholdings.

In a brief radio announcement, Dr. Mehdi Bazargan, Prime Minister, said the takeover was being undertaken in the interest of the public.

Mr. Ali Akbar Moinfar, head of the Plan and Budget Organisation, added that the banking system was suffering from a lack of confidence and that large amounts of capital had been siphoned off by bank owners who had fled abroad shortly before the revolution.

The decision contradicts the public and private reassurances of the past few weeks of Mr. Ali Mowlavi, governor of the Central Bank of Iran that nationalisation was not being considered and that the interests of the joint venture banks would be safeguarded in any reorganisation.

Nationalisation was a policy measure incorporated in a draft version of the new constitution published in the Press last month. but was not taken seriously.

There is speculation here that the decision was taken by the shadowy Revolutionary Council, the ruling clergy-dominated body, which is believed to see a link between the role of the private banks under the Shah and the high level of corruption in his regime.

The announcement was timed to coincide with the weekly public holiday on Friday, when all banks are shut. The Government has ordered their closure until Monday. During this time, Dr. Bazargan said Government inspectors would examine the records of the 27 banks affected.

As a first step, a Government director is to be appointed to the Boards. The indications *yesterday were that the banks* would be allowed initially to keep a considerable amount of commercial freedom, but that a full rationalisation of the system, involving the merger or closure of at least five or six banks, including some with foreign interests, would follow shortly.

Foreign banks have been limited legally to 35 per cent stakes in the Iranian banking system. There are two exceptions the 56-year-old Russo-Iran Bank, owned wholly by the Soviet Union, and the Foreign Trade Bank of Iran, in which a group of banks led by Bank of America have a 40 per cent interest. It was not clear whether the Soviet bank will also be affected by the nationalisation decree.

The foreign investment to be *taken over,* as a percentage of paid-up capital, amounts to only £84m. This is much less than expected in view of the size and rapid growth of the Iranian banking system, because the Iranian banks tend to under-capitalise.

The British Bank of the *Middle East, part of the Hong*kong and Shanghai Group, has a 35 per cent shareholding in the Bank of Iran and the Middle East Standard and Chartered also has 35 per cent in the Irano-British Bank. Both these Iranian subsidiaries have been struggling over the past nine months.

Two privately owned development banks, the Industrial and Mining Development Bank of *Iran, and* the Development and Investment Bank of Iran, have nominal British shareholdings: Lloyds, Midland and Barclays in the former, and Williams and Glyn's in the latter.

Reaction Page 2

Thomson to sell holidays direct

BY ARTHUR SANDLES

THOMSON TRAVEL, part of the Thomson Organisation, is *to set up* a direct-selling package tour company, cutting out high street travel agents. The move follows Scandinavian and other British direct-selling organisations gaining an increasing slice of the UK travel market.

The move is bound to anger travel agents upon whom Thomson relies for the bulk of its bookings for Thomson Holidays. The new company, which will release its first brochure in the autumn, will be totally separate from Thomson Holidays with different staff, buildings and name. *The new operation* is to be called Sterling Holidays.

Initially Sterling plans to *have a capacity for the summer* of 1980 of around 30,000 holidays but, if the progress of other similar operations is any guide, the growth could be rapid.

*Two years ago British Air*ways bought the privately-owned direct-selling company, Martin Rooks, and this organisation may carry more than 100,000 people this year.

Sterling will sell holidays in the Mediterranean, mainly Spain, Italy, Tunisia and Greece.

The move is particularly ominous for retail travel agents since Thomson is by far the biggest tour operator in Britain. Most would now expect the other big companies, notably Cosmos and Horizon Midlands, to study their own positions.

Thomson said last night that as the market strength of direct selling grew, the company had three choices. It could have *fought back through agents,* probably by reducing commissions, which would have been ineffective and probably unacceptable to the trade: done nothing: or gone into direct-sell.

"*We rejected the other* possibility, of Thomson going direct completely, for that would have been over-reacting," said Mr. Roger Davies, assistant managing director of Thomson Travel.

In the past two years, two Scandinavian direct-selling tour operators, Tjaereborg and Vingresor, have started successful operations in Britain. There has been some talk of other European companies, notably German, entering the UK.

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£ in New York

—	June 8	Previous
Spot	\$2.0650-0660	\$2.0660-0670
1 month	0.24-0.20 dis	0.25-0.21 dis
3 months	0.73-0.68 dis	0.76-0.71 dis
12 months	2.80-2.65 dis	2.97-2.87 dis

German banks collusion 'proved'

BY LESLIE COLITT IN BERLIN

THE WEST GERMAN Cartel Office will soon inform the three largest West German commercial banks that it has substantiated its claim that they colluded in changing their interest rates on savings accounts.

The cartel office announced proceedings against the three banks, Deutsche Bank, Dresdner Bank and Commerzbank, last month on the grounds that their action in delaying increases in interest rates on savings accounts until 12 days after they had put up interest on customer loans constituted an illegal "co-ordination of business practices."

It also claimed that the banks had made unfair profits by waiting so long after the change in their loan charges before raising savings deposit rates.

Herr Wolfgang Kartte, president of the cartel office, told the Financial Times in an interview yesterday that officials would "shortly" notify the banks of the cartel office's findings and then allow the banks to reply before imposing a fine. "We had good reasons for these proceedings," he said.

The three banks have strongly denied the cartel office's accusuation of illegal co-ordination. They also rejected the claim that they had made unfair profits out of the delay in raising savings rates which followed changes in the German interest rate structure after the Bundesbank raised discount and Lombard rates at the end of March.

The German banks have said they took their interest rate decisions independently of each other and would go to court if the cartel office fined them.

Fully aware of this, Herr Kartte said: "It is clear that the final word will have to be spoken by the courts." He added that the cartel office had not been "irresponsible in causing the banks to be talked about "negatively."

The extent of the fine had yet to be determined, Herr Kartte said, because the cartel office had not yet established the exact delay in the raising of interest rates.

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OVERSEAS NEWS

Plan to boost EEC shipping comes under fire

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission's plan for an ambitious "scrap and build" programme aimed at boosting the EEC's ailing shipping and shipbuilding industries is understood to have run into serious opposition from a number of member states.

The proposals for a $191m-a-year programme, in which the scrapping of an annual 2m compensated gross registered tons of shipping would be linked to 1m tons in new buildings, is being chiefly opposed by Denmark, the Netherlands and West Germany.

Other member states are reportedly still uncommitted while Italy favours the idea and the UK is considering it sympathetically.

The twin aims of the scheme are to help reduce over-capacity in European shipping while raising the EEC's shipyards' 1980 output from an expected 2.4m tons to 3.4m tons. The hope is that the additional work provided by "scrap and build" would help tide European shipbuilding over until the expected 1983 pick-up in world-wide demand.

The $191m cost of the programme would be spent on providing incentives for shipowners to scrap vessels and on subsidies amounting to 7 per cent of the price of new buildings.

Opposition to the plan is based on the view that it amounts to little more than a new system for subsidising shipbuilding and that it would fail to prevent the continuing run-down of the industry.

But Commission officials commented yesterday that, although a key meeting with representatives of EEC member governments in Brussels this week had failed to produce agreement on the future of "scrap and build" the scheme is still under discussion.

The officials described the prospects for a further meeting here on June 14 with EEC shipowners' and shipbuilders' representatives as "positive." But in addition to the disagreement that remains between member governments on both the overall strategy and on the questions of financing and duration, there is also a serious problem of timing.

If "scrap and build" is to be introduced at all, it should be before the end of this year, and that implies an urgent decision.

William Chislett, in Managua, assesses Somoza's future

The bleeding of Nicaragua

"WE MUST have a political solution. Our economy cannot stand the crisis any more. Free elections have to be held. Let the people decide."

The speaker is Sr. Roberto Incer Barquero, the tired and nervous president of the central bank of war-torn Nicaragua which is under a state of siege and is being bled economically and, more tragically, literally.

More than 100 people are estimated to have died this week in the fresh fighting between opponents of Gen. Somoza, whose family have ruled the country for the past 44 years, and the 15,000-strong National Guard propping up the régime.

So far this year, the Red Cross and local human rights commissions estimate, more than 3,300 people have died in the civil war which erupted last September and shows no signs of abating.

The Left-wing Sandinista guerrillas, who are spearheading the opposition to Gen. Somoza, now control a substantial part of the rural North and pockets in the South near the Costa Rican border.

Managua, the capital, displays a tense calm, heightened after the curfew. Few people profess any allegiance to Gen. Somoza apart from his Cabinet, who are trooped out at Press conferences to applaud the President.

Businessmen, the Church, workers, even schoolchildren are ranged against Gen. Somoza. The guerrillas are regarded as heroes.

"This place will be a cemetery before Somoza goes," a journalist on the opposition newspaper La Prensa, said. The Government will try to silence the paper under its state of siege powers.

Whether the guerrillas succeed in toppling Gen. Somoza, or the conflict drags on, Nicaragua is gradually being brought to its knees.

This is making the task of any post-Somoza government more and more daunting and increasingly, is casting a shadow over other Central American dictatorships.

"There will be zero growth this year," Sr. Incer Barquero predicted. "If it were not for the $65.7m standby credits granted by the IMF in May, the economy would register a second year of negative growth," he added.

In the Central American context, Nicaragua has been a fairly successful economy averaging between 5 and 6 per cent growth rates in the last decade. But there has been a dramatic decline since fighting broke out. Last year, the GNP fell 7 per cent against 5 per cent growth in 1977.

The IMF credits are a lifeline to Nicaragua, which since last November has failed to pay the interest on its loans.

Sandinista guerrillas guard one of their outposts on the perimiter of Masaya, seen to be a springboard for an assault on Managua, a few miles to the north.

The central bank notified its creditors beforehand, and so far, there has been no question of a default. The public and private foreign debt is $1.8bn.

There credit will enable Nicaragua to refinance $200m of its public foreign debt, and finance its capital account deficit which last year was $275m, compared with $63m in 1977, Sr. Incer Barguero said.

The civil war has led to an $80m flight of capital last year, with many businessmen moving abroad. The nervousness of foreign bankers is displayed in the great reduction of credit to the country. The government received $150m less in 1978 than in 1977. Taxes have slumped.

Nicaragua has always depended on foreign borrowing, but now the money is no longer coming in. As a result, imports have greatly declined and industry is not expanding.

But for a fairly good harvest, the situation would be even more dire. This year's cotton crop is put at $150m., $10m more than in 1978, and coffee will bring in $200m, just like last year.

The conflict is having a marked social effect on the population, with increased unemployment. The inevitable devaluation of the cordoba by 2 per cent in April has led Sr. Incer Barquero to estimate that inflation this year will be between 20 and 25 per cent, against 10 per cent last year.

As the crisis worsens, more and more people see the urgency of a political solution. But there is no sign of this.

The two main opposition umbrella organisations, the Broad Opposition Front (FAO) of businessmen and intellectuals, and the Sandinistas' political wing, the National Patriotic Front (FPN), are still squabbling over how many seats each party should have, in the event of a "national Government" being set up after Somoza.

The FPN is taking the limelight away from the FAO as the guerrillas push ahead with what they claim is the "final offensive."

But at least the splintered opposition is talking. "Somoza and his opponents have not sat down together yet," the central bank president says. "Both sides have to give and take." Who, then, should make the first move? "Somoza," he replied. Will he? He was not sure.

General Somoza has remained in his aptly named "bunker" compound all week, except for a day out to boost the morale of his troops.

Iran move surprises foreign bankers

Financial Times Reporter

ALTHOUGH many foreig bankers had been expecting th nationalisation of Iran's bank the suddenness of yesterday move seemed to catch mo banks around the world by su prise. As it was the week-end Iran, head offices in Europe an North America were havin great difficulty in contactin Tehran.

The general picture, howeve is that there is little dire foreign banking involvement Iran. Foreign banks have n been permitted to do bankin business in the country on the own account for many yea The only exception appears be Bank Russo-Iran, which owned by the Soviet Union.

Typically, foreign banks a involved in Iran through eith representative offices or mino ity stakes in joint venture ban with majority Iranian shar holders. There are roughly dozen of these so-call "mixed" banks which accou for around a fifth of the tot assets of the banking system.

Among the British-base banks Standard Chartered h probably the biggest investme —although it only has four sta posted to its affiliate. It has a per cent stake in Irano-Briti Bank, which has been a prin target for rioters during th revolution. The head office Saadi Avenue has bee destroyed by fire and at lea half of its 13 branches hav also been badly damaged.

A spokesman for the bank London was rather phil sophical about the nationalis tion: "This has happened us before." The bank does n expect to lose much from th move.

British Bank of the Midd East, a Hongkong and Shangh Bank subsidiary, has a 35 pe cent stake in the Bank of Ira and the Mid-East. Its inves ment has a maximum boo value of £5m. This bank ha traditionally had very stron links with Iran, and had to pu out before in 1952—only return eight years later.

British Bank of the Middl East has four British staff i Iran, and is now thinking pulling them out. An offici commented yesterday: "W doubt if they will need our se vices any more." He added tha international bankers "have t be nimble on their feet thes days."

Williams and Glyns Bank ha a 4 per cent stake in the De velopment and Industrial Ban of Iran with a book value c around £500,000. It also ha advances of £2.5m outstandin to the bank. Williams and Glyn has been trying to dispose c this investment, which has bee extremely profitable up to nov and an official said yesterda the bank was "delighted" wit the Iranian move.

In fact a number of banker in London felt that the nation lisation of the banks was a encouraging sign since it ind cated that the Government taking overt responsibility for banking system which is in terrible mess. External pa ments have been arriving ve late, and foreign banks ha found it very difficult in th past year to conduct busine with their Iranian counterpart

Algemene Bank Nederland one of the more heavily i volved western banks.

Silicon chip lessons for Dutch

BY CHARLES BATCHELOR IN AMSTERDAM

THE BRITISH Government's approach to stimulating its micro-electronics industry could contain lessons for the Dutch, according to a government advisory group set up to study the social impact of silicon chips. Trends in West Germany and Sweden could also be instructive for the Netherlands.

The Dutch advisory group has presented its first report after being set up last December to make good "the considerable ground that the Netherlands has lost in comparison with other countries in Europe." The seven-country survey was carried out by General Technology Systems of London.

The British Government has prepared the most extensive programme to stimulate the development of any European country, "chips," the report said. Funds totalling £235m have been provided, with the emphasis being on the application of the new technology.

Given the need to make up for Britain's relative economic decline, little attention has yet been paid to the potentially negative social economic consequences, however. The report also expresses reservations at the plan in view of the limited success of earlier and similar British Government projects.

West Germany has taken few specific measures to develop micro-electronics, although the problems are receiving considerable attention within existing, more broadly based, research and development programmes.

Although programmes in Sweden are in a relatively early stage, it is the only West European country in which an evaluation of the social impact of "chips" has received as much attention as the technological and economic aspects. The emphasis in France, Germany and, to a lesser extent, the UK on developing a national production capacity for micro-electronics is less relevant to the Netherlands because of the existence of the electronics group Philips, the advisory group said.

This study is only the first part of a much deeper analysis to be carried out, it added. A detailed review of the present state of the industry in the Netherlands has not yet been carried out. The speed of innovation, however, makes it increasingly difficult for governments to follow developments, it noted.

Japan fuel oil supplies to be cut

By Richard Hanson in Tokyo

EXXON CORPORATION has notified three Japanese trading companies that it will discontinue supplies of Fuel Oil A at the end of this year because supplies of crude oil and products are so tight.

The cut-off will affect the fisheries and agriculture sectors from next year, with prices expected to increase sharply. Fuel Oil A is imported under a special tax-exempt Government quota for use in those sectors.

Exxon is one of three major sources of Fuel Oil A, most of which is a blend of oil and gasoline. The three trading companies — Itoh, Nichimen and Nissho-Iwai — imported about 312,000 kilolitres from Exxon last fiscal year. The other sources are the Soviet Union (480,000 kilolitres) and Caltex which supplies its affiliate Nippon Oil (320,000 kilolitres).

Exxon will continue to supply its own subsidiary in Japan, Esso Standard Sekiyu KK, which imports about 80,000 kilolitres a year.

This is the first time Japan has received formal notice of a cutback in oil product supplies. The major oil companies had already notified Japan about cutbacks in crude oil.

The domestic refinery industry will not be able to make up for the slow-down in imports of the fuel oil because of their own shortage problems.

Iran pipeline closure 'a mistake'

BY ROGER BOYES IN BONN

IN A THINLY-VEILED appeal to Iran, Ruhrgas, West German's largest natural gas distributor, yesterday stressed the importance of the three-cornered gas supply agreement between Moscow, Tehran and Western Europe. The National Iranian Oil Company (NIOC) has threatened to close a Soviet-Iranian pipeline project which forms the basis of the agreement.

Herr Klaus Liesen, Ruhrgas chairman, said the ending of the agreement would be a mistake, as it was of "great economic significance both to the purchasers of the gas and especially to the suppliers." The statement was clearly aimed at thte Iranian Government: a senior NIOC adviser, Mr. Ali Nabegh, said on Wednesday that the $3.3bn IGAT-2 pipeline between the Soviet Union and Iran was "uneconomical."

Herr Liesen, speaking to reporters, said the breakdown of the IGAT-2 deal would not necessarily have a serious effect on German gas supplies, and that the Soviet-German end of the agreement was not in immediate jeopardy.

Under the 1975 agreement, the Soviet Union was to receive over 13bn cubic metres a year from Iran. Moscow would then via a "switch agreement" supply 11bn cubic metres a year of Soviet and Iranian gas to West Germany, France and Austria over 25 years beginning in the mid-1980s. West Germany is expected to take 50 per cent of the gas, France a third and Austria 16.6 per cent.

Herr Liesen said yesterday that although the Soviet gas agency had not yet been in contact with Ruhrgas, he was confident that Moscow would go ahead with the supply plans. Although he was reluctant to explain why this should be so, officials have suggested that the USSR would probably be unwilling to forgo the substantial hard currency payments involved. The three European purchasers are paying for the gas 80 per cent in the form of equipment and technology and 20 per cent in hard currency.

If the Soviet-European agreement is maintained, the USSR will have to make substantial sacrifices—possibly reducing its supplies to Comecon countries —or to step up its own gas production. This last option is difficult because of the problems of transporting gas across the USSR.

Sharp rise in Canadian imports

By Victor Mackie in Ottawa

A POOR trade performance, combined with a traditional shortfall in international travel and service payments has left Canada with a first quarter deficit, seasonally adjusted, of C$1.696bn with the rest of the world.

Government figures released here yesterday show that during the 12 months ending March 31, the country spent C$66.147bn more abroad than it took in its largest 12-month deficit.

This year's first quarter deficit is well over double the C$637m deficit for the first quarter of 1978.

It is a slight improvement, however, from the C$1.765bn current account deficit incurred in the fourth quarter of 1978.

Last year Canada spent C$5.28bn more abroad than it received.

The latest figures had little effect on the Canadian dollar, however, with the curency rising to 85 11 U.S. cents in New York.

Statistics Canada, which released the figures, said the trade surplus, normally one of the strongest features of Canada's account with the rest of the world, dropped to a disappointing C$426m during the first three months of the year. This compares with a surplus of C$1.2bn in the corresponding period last year.

It also represents a substantial drop from the C$840m surplus in the previous quarter.

Although there was a slight increase in export sales during the quarter, this was more than overtaken by a sharp surge in imports.

Italians fear apathy may cut into Europe vote

BY RUPERT CORNWELL IN ROME

CONSIDERABLE uncertainty surrounds the outcome of tomorrow's Italian vote for direct elections to the European Parliament, after a campaign limited in effect to just three days because of last weekend's inconclusive general elections.

Official campaigning ceased last night, having begun in earnest only on Wednesday. But mingled with the parties' hopes that the outcome might strengthen their hands for the lengthy process of bargaining due to start soon for the next national Government, is the fear that apathy might cut heavily into the turnout.

Sig. Giulio Andreotti, the caretaker Prime Minister, called this week in Palermo for a high turnout, warning that unlike in national elections there would be no chance to delay voting until Monday morning.

Voting in Italy is traditionally extremely high. But the figure of just under 90 per cent last weekend was even so a drop from previous general elections, which has worried many senior politicians. The fear is widespread that the lesser immediacy of the European vote might see a further significant fall on Sunday.

Most interest centres on whether the Socialists, as until recently has seemed likely, will be able to cash in on their links with other prominent European parties and political leaders to improve on the share of 9.8 per cent of the poll they managed in the national elections.

If they do, it could be that the Socialists, which effectively holds the balance of power here, will have a greater margin of manoeuvre for an alliance with the Christian Democrats, thus enabling the formation of a Government with a majority in Parliament.

A further intriguing point is to what extent Italian voters, this time not electing a national Parliament, may switch away from traditional Christian Democrat and Communist allegiances towards some of the smaller more conventionally "European" parties of the centre.

UK, Chile 'to restore ties'

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

BRITAIN IS likely to restore full diplomatic relations shortly with the military government of General Augusto Pinochet in Chile. These were interrupted in December 1975 when the British ambassador was recalled from Santiago after the torturing of Dr. Sheila Cassidy, a British surgeon, at the hands of DINA, the Chilean secret police.

The Foreign Office yesterday would not comment on strong reports to this effect from the Chilean capital. The dispatch of a new British envoy to Chile has been expected since the election victory of the Conservatives, who have promised to take more account of trade and less of human rights considerations in their dealings with Latin America.

Yesterday the Export Credit Guarantees Department announced that it was immediately resuming cover on UK exports to Chile sold on medium-term credit.

Germans turn to diesel cars

By Guy Hawtin in Frankfurt

THE WEST German motorist is turning more and more to the energy-saving diesel engine. The latest car registration statistics show that the share of the market held by diesel cars has risen by close on 70 per cent within 12 months.

According to the West German Federal Motor Transport Office, diesel-powered cars accounted for 5.7 per cent of total registrations in April this year. This compares with a 3.4 per cent market share in the same month of 1978.

Total registrations in April amounted to 290,536 vehicles. This brings new car registrations in the first five months of the year up to 1.6m—7.5 per cent more than in the comparable period of 1978.

Therefore, the West German motor manufacturers seem certain to enjoy yet another record year.

Of the domestic motor manufacturers, Volkswagen, Daimler-Benz and Ford have been showing the most powerful growth rates.

Warning over S. Africa fuel cuts

BY QUENTIN PEEL IN JOHANNESBURG

SOUTH AFRICA'S drastic fuel saving package could bring the recovery of the economy to a standstill, and push the annual inflation rate to 15 per cent, economists warned yesterday.

The key element in the package—the size of the mandatory cuts to be imposed on bulk consumers—is being kept a closely guarded secret. But already the near-40 per cent price rise for petrol and diesel, combined with tougher speed limits, and garage sales restrictions, has caused gloom throughout industry.

Representative committees set up for all the major sectors of the economy—industry, commerce, agriculture, mining, transport and civil engineering, as well as the oil companies themselves—are waiting to hear what cutbacks the Government will order.

Although they were asked to report on the likely effect on output and employment of cuts ranging from 30 to 50 per cent, the most likely compromise is in the 15 to 20 per cent range.

Quite apart from having to pay spot market prices of up to $40 a barrel for 90 per cent of its supplies, South Africa's difficulties are magnified by oil imports in the first quarter being almost 40 per cent down on the last quarter of 1978.

However, the oil crisis is unlikely to have a negative effect on the South African balance of payments. If oil imports recover to a normal level, the Government still expects the R2bn extra cost to be covered by higher prices for gold, diamonds, and other mineral exports.

If South Africa remains unable to obtain its regular supplies, then the current account surplus can only be bigger, both because of the lower oil bill, and because the consequent economic depression would probably cut other imports as well.

Violence mars Egyptian elections

BY ROGER MATTHEWS IN CAIRO

PRESIDENT SADAT's National Democratic Party was yesterday moving towards its widely-expected general election victory.

Early results showed the party's candidates in inner Cairo constituencies collecting an overwhelming percentage of the votes, with a similar picture emerging from Alexandria.

Thursday's final hours of voting were married by clashes between rival groups of supporters. Two people died and about 30 were reported injured throughout the country.

A stream of accusations about voting irregularities, has come from the left-wing Unionist Progressive Party. In some cases, it was claimed, ballot boxes had been partially filled with completed voting slips before the booths opened.

The Socialist Labour Party is expected to have the second largest number of Parliamentary numbers, with the Liberal Socialist Party in third place.

The main interest will be to see how well the nearly-1,000 independent candidates fare, as among them are a wide cross-section of political allegiances not legally allowed to be formed into a party.

David Lennon writes from Tel Aviv: Israeli Air Force aircraft attacked Palestinian targets in Southern Lebanon yesterday for the first time in two weeks. The raids came only two days after the PLO announced it was withdrawing its forces from the population centres in the south.

Israeli military offices said they had seen no convincing evidence that the Palestinians were in fact leaving the area.

The command of the United Nations Interim Force in Southern Lebanon (UNIFIL) was trying yesterday to revive the ceasefire arranged a week ago.

The Security Council has been called to meet in New York on Tuesday to consider extending the mandate of the 6,000-man UNIFIL force, due to expire on June 19.

Meanwhile, a survey carried out by an Israeli research institute has shown that at least half Israel's Arab population does not recognise the State's right to exist, and 64 per cent regard Zionism as a racialist movement.

Our Damascus Correspondent adds: Intensified contacts are going on between Arab Governments to take "sanctions" against Canada if it implements its decision to transfer its Embassy from Tel Aviv to Jerusalem.

4% growth in industry output for France

By Terry Dodsworth in Paris

FRENCH INDUSTRIAL outp is expected to improve by abo four per cent this year, desp a recent moderation in the ra of growth.

This forecast, from t French Employers' Associati is based on its monthly surv in May. It says that althou there is nothing now to sugg a further acceleration in grow industry is unlikely to suf a serious setback during t rest of the year.

The report paints a pict of unspectacular improveme in industry, indicating that faster take-off of the econo is being prevented by stag tion in consumption and modest rate of investment.

Three factors point to maintenance of the upturn co pared with last year.

First, exports are continu to do well, and French co panies expect further impro ment. Second, public exper ture, while not giving a boost to the economy, is p viding adequate support. Th stocks are still relatively lig indicating that demand holding up.

The performance of individ industries continues to v widely. The analysis shows example, that the mechani industries have experien about two per cent grow after a decline of one per c last year.

In the electrical sect electronic components are do particularly well, and the mo industry is enjoying a sustain upswing.

The chemicals industry slipped slightly, and textiles once again facing proble

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The comeback of one of Mao's many wives

Mao showing his cheery side —in 1950, when he was well into his fourth marriage.

BY JOHN HOFFMANN IN PEKING

ONE OF the side-effects of China's recent short-lived flirtation with free speech and ideological contention has been a realistic reappraisal of the stature of Mao Tse-tung, architect of the People's Republic. Though Mao, as Chairman of the Chinese Communist Party, claimed to have resisted cultism, an irresistible wave of adulation had carried him to heights of near-godhood.

But last year's lunge towards modernisation revealed to China that a ritualistic faith in Mao's omniscience was strangling progress.

An unannounced but nonetheless official propaganda campaign carefully redefined Mao as a mere human, capable of error and open to question. Some gratified historian resurrected Mao's own modest observation that he was "only 70 per cent good and 30 per cent bad."

The truth of this definition of Mao as an extraordinary man with ordinary foibles and feelings was recalled subtly this week by the emergence into the Chinese limelight of He Zizhen, the third of Mao's four wives, now aged 69.

Her name was among those of 109 people granted the privileged membership of the Chinese People's Political Consultative Conference.

He Zizhen's marriage ended in circumstances illustrating that Mao's blood was indeed red and occasionaly hot, and that he was as capable as any man of allowing his heart to take charge of his head.

Mao's first wife has almost no place in history. She was chosen for him by his parents when he was a child, but he never took up the union.

He chose instead a lovematch with Yang Kaihui, daughter of his intellectual mentor, a librarian who planted many of the seeds of what were to grow into the Thoughts of Chairman Mao.

Yang Kaihui is a Chinese Communist heroine. After working with Mao for the consolidation of the Communist Party, she was executed by the Nationalist Government in 1930. Plays, poems and stories have made a legend of her sacrifice for the revolution.

But two years before Yang's death, Mao had drifted into an amour with He Zizhen, then a fervent 18-year-old party member. She married him, bore five children and accompanied Mao in the arduous Long March in 1935.

Her faithfulness, however, was unrewarded. While she was in Moscow for medical treatment in 1937, Mao was attracted by a seductive Shanghai actress named Lan Ping.

He promptly divorced He Zizhen and settled down with the vivacious actress. The luckless He Zizhen disappeared from public view and seemed to have been erased from Chinese memory.

So her reappearance as a new member of the consultative conference—with the official announcement describing her only as "a veteran Communist Party member and a participant in the famous Long March"—has raised eyebrows and sent foreign Sinologists scurrying for the library shelves.

Someone who would be particularly interested in the event, although unavailable for comment, is the woman who supplanted He Zizhen as Mao's consort.

Lan Ping changed her name to Chiang Ching. She languishes in jail, to be forever reviled as the leader of the Gang of Four which tried to usurp the Chinese leadership and almost brought the nation to economic and social ruin.

UK NEWS

Pre-Budget shoppers pick electrical goods

BY DAVID FREUD

EAT-THE-BUDGET shopping in the last few weeks has been concentrated heavily on domestic electrical appliances—even though most commentators believe the VAT rate for these goods is likely to remain unchanged.

There seems to have been little additional demand for clothing, home furnishings and other items on which VAT is expected to be raised.

Spending on tobacco and drink has risen sharply. Whatever happens to VAT in the Budget, a rise in excise duties on these items has been unambiguously signalled by the Government.

It is more difficult than usual to isolate specifically pre-Budget buying this year because there has been a strong underlying recovery in spending in the shops after the winter difficulties.

But a wide cross-section of stores reports heavy demand for domestic electrical appliances—such as washing machines and refrigerators—and radios and other electronic goods. Most of these have a VAT rating of 12½ per cent.

The John Lewis Partnership reported that trading in domestic electricals was between 56 and 92 per cent higher in the four weeks to May 26 than in the same weeks of 1978.

Sales of radios and television were up nearly 50 per cent in the four weeks. The group's increase in sales across the whole range of goods was between 20 and 33 per cent.

Mr. Peter Williams, general manager of Selfridges, said the only particularly heavy sales were in electrical appliances, radio and television, and furs.

Mr. Terry Curry, managing director of the domestic appliance chain Currys, said there was significant pre-Budget buying of larger items. Most of the goods were on the higher rate of VAT.

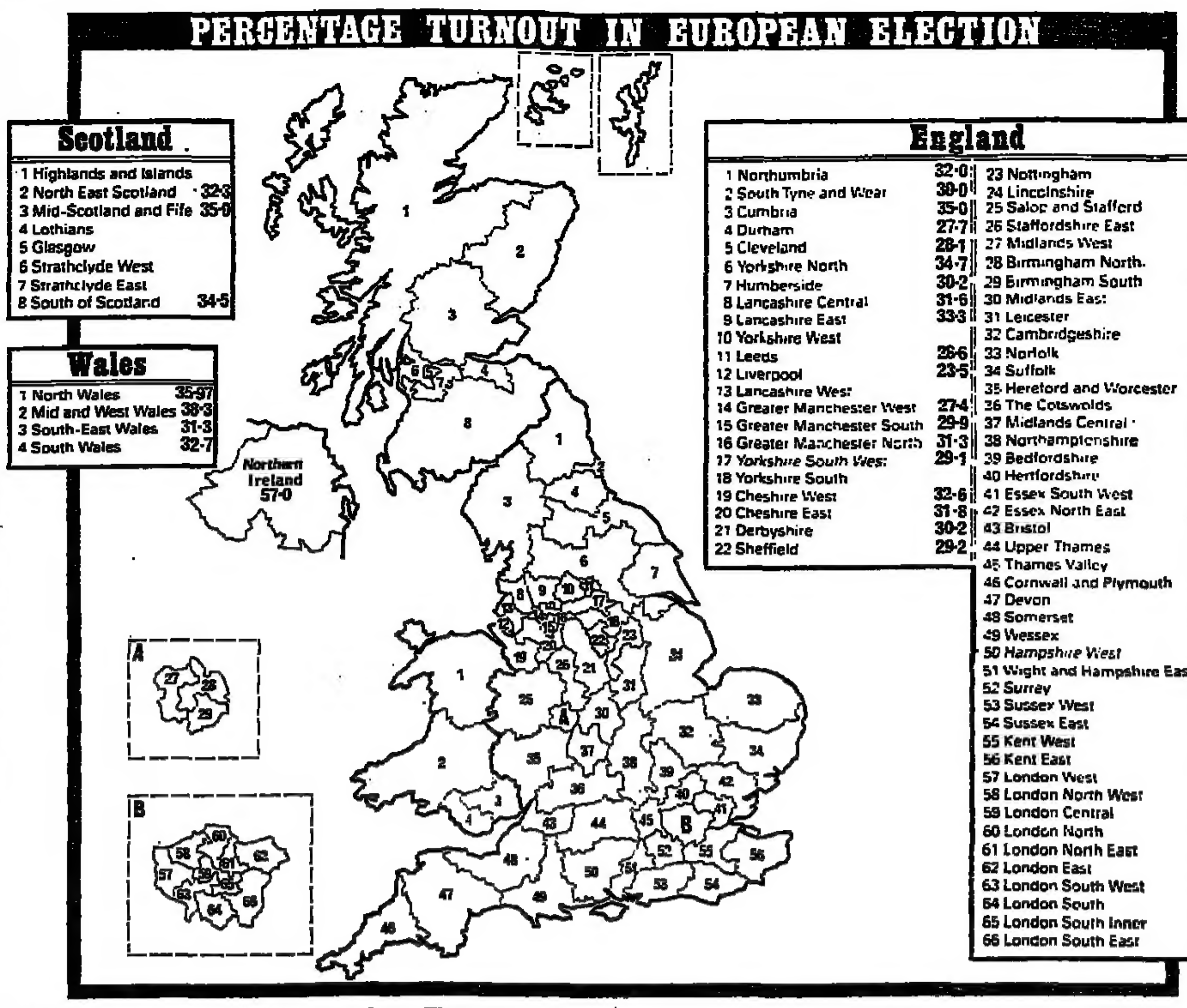
Stores groups selling predominantly lower-rated goods reported little or no pre-Budget rush. Yet the low rate is widely forecast by commentators to be consolidated with the higher rate at either 12½ per cent or slightly less.

British Home Stores, which concentrates on clothing, lighting and household textiles, said there was no extra buying. Mr. Phillip Harris, chairman of Harris Carpets which includes the Queensway furnishing group, said while sales were buoyant pre-Budget speculation seemed to have had little effect. Woolworth also reported no pre-Budget buying.

Tesco said tobacco sales were strong, while sales of spirits and wine were running at double last year's rate.

The cut-price off-licence chain Augustus Barnett reported an exceptional increase in sales, while the Victoria Wine Company, a subsidiary of Allied Breweries with 920 branches through the country, said it was "very busy."

PERCENTAGE TURNOUT IN EUROPEAN ELECTION



Scotland

1 Highlands and Islands	
2 North East Scotland	32·3
3 Mid-Scotland and Fife	35·0
4 Lothians	
5 Glasgow	
6 Strathclyde West	
7 Strathclyde East	
8 South of Scotland	34·5

Wales

1 North Wales	35·97
2 Mid and West Wales	38·3
3 South-East Wales	31·3
4 South Wales	32·7

England

1 Northumbria	32·0
2 South Tyne and Wear	30·0
3 Cumbria	35·0
4 Durham	27·7
5 Cleveland	28·1
6 Yorkshire North	34·7
7 Humberside	30·2
8 Lancashire Central	31·6
9 Lancashire East	33·3
10 Yorkshire West	
11 Leeds	26·6
12 Liverpool	23·5
13 Lancashire West	
14 Greater Manchester West	27·4
15 Greater Manchester South	29·9
16 Greater Manchester North	31·3
17 Yorkshire South West	29·1
18 Yorkshire South	
19 Cheshire West	32·6
20 Cheshire East	31·8
21 Derbyshire	30·2
22 Sheffield	29·2
23 Nottingham	28·6
24 Lincolnshire	31·4
25 Salop and Stafford	32·4
26 Staffordshire East	29·0
27 Midlands West	27·0
28 Birmingham North.	26·66
29 Birmingham South	27·34
30 Midlands East	32·3
31 Leicester	
32 Cambridgeshire	32·4
33 Norfolk	
34 Suffolk	32·6
35 Hereford and Worcester	34·9
36 The Cotswolds	36·8
37 Midlands Central	33·7
38 Northamptonshire	33·0
39 Bedfordshire	33·8
40 Hertfordshire	37·0
41 Essex South West	31·5
42 Essex North East	32·5
43 Bristol	35·2
44 Upper Thames	
45 Thames Valley	
46 Cornwall and Plymouth	32·2
47 Devon	38·7
48 Somerset	38·6
49 Wessex	37·3
50 Hampshire West	33·7
51 Wight and Hampshire East	34·0
52 Surrey	37·9
53 Sussex West	35·4
54 Sussex East	35·4
55 Kent West	33·1
56 Kent East	33·0
57 London West	
58 London North West	31·3
59 London Central	30·6
60 London North	28·5
61 London North East	20·5
62 London East	28·0
63 London South West	31·5
64 London South	33·5
65 London South Inner	27·4
66 London South East	34·3

Britain's voters, as widely predicted, showed less enthusiasm for the European elections than those in the other three countries that voted on Thursday—Ireland, Denmark and the Netherlands. There was a much higher turnout, however, in Northern Ireland, where voting was by proportional representation. The map shows the latest available figures for turnout in the 79 UK constituencies—78 in England, Scotland and Wales and one three-member constituency in Northern Ireland.

High cost of boat people to shipping

BRITAIN'S shipowners yesterday warned the Government of the high cost of picking up Vietnamese "boat people." The total could be "hundreds of thousands of pounds," the General Council of British Shipping said. It could lead to the breaking of commercial contracts.

The shipping council said that it "fully appreciates" the difficulties facing the Government and the international action which it is trying to initiate. "But, in the meantime, owners, master and crews will have the problem of caring for hundreds of these unfortunate people on board their vessels for several weeks."

Lord Inchcape, chairman of P & O, told shareholders at the annual meeting two days ago that should the opportunity arise, he would raise the subject in the House of Lords.

Yesterday the shipping council called on the Government to come to "speedy decisions" to take refugees off British ships. Lord Carrington, the Foreign Secretary, said yesterday that the problem of the Vietnamese boat people "is bad enough now, but I think it may get very much worse. It might be something like a million in the end."

Longship heads for Stornoway

THE LONGSHIP Odin's Raven leaves Orkney today for a 36-hour passage to Stornoway in the Outer Hebrides, on her way from Norway to the Isle of Man for the celebrations of the Manx Parliament, established by Norsemen 1,000 years ago.

The Odin's Raven, built for £75,000, all raised by public subscription in the Isle of Man and Norway, is a scaled-down replica of the Gokstad Viking ship in the Oslo boat museum.

Thatcher talks

SIGNOR Andreotti, the Italian Premier, will visit London on June 15 for talks and a working lunch with Margaret Thatcher, Prime Minister.

Removal of VAT from confectionery is urged by report

FINANCIAL TIMES REPORTER

THE ABILITY of the £1.2bn-a-year confectionery industry to compete successfully with foreign manufacturers is questioned in a National Economic Development Office report published today. The report calls for Value Added Tax to be removed from confectionery.

Although the rate of growth is expected to be maintained, the Cocoa, Chocolate and Sugar Confectionery Sector Working Group believes that it will be more difficult to maintain productivity improvements.

The report says a substantial increase in new capital investment and a modest reduction in employees has been forecast by the industry which would imply an increase in total productivity of 1 per cent a year compared with an average of nearly 2 per cent for the 1968-76 period.

Exports already account for per cent of output. This has been achieved, the group says, through competitiveness and the exporting efforts of individual companies. The industry has forecast a 20 per cent increase in export volume over the next five years which the group strongly recommends should be exceeded. It also calls on companies to place greater emphasis on exporting and wants the Government to pursue the removal of barriers to trade and a further reduction in monetary compensatory amounts.

On the home market, the group recommends VAT should be removed from confectionery. This would give manufacturers equal treatment with most food manufacturers. Without this important stimulus, the group forecasts that UK consumption will increase by only one-half per cent on average over the next five years.

The opportunities of beating foreign competition at home are limited, the group states. UK manufacturers dominate the home market, where consumption at 27½ lbs a head a year is already the highest in the world.

Imports by foreign competitors have averaged only 2.5 per cent of the UK market since 1973.

Other recommendations by the group include urging the Government to limit the effect on ingredient prices of the Common Agricultural Policy and for the Government to join the industry in financing increased research and development.

The Cocoa, Chocolate and Sugar Confectionery Sector Working Party report. NEDO Books. 1, Steel House, 11, Tothill Street, London SW1H 9LH. Free.

British handling board planned

THE DEPARTMENT OF INDUSTRY and the Institute of Materials Handling are to set up a British Materials Handling Board to provide a national focal point for discussion of important problems. The move follows a recommendation by the institute.

An exploratory meeting was held at the Department of Industry yesterday, comprising an independent steering group which has been advising the department and a group of organisations which will form the nucleus of a full board, to be launched at the end of the year.

Bankrupt council charge denied

BY PAUL TAYLOR

THE LABOUR leader of a London borough council yesterday denied suggestions from other councillors that it was on the point of bankruptcy and likely to overspend its budget.

Councillor Collin Ware, who is also finance chairman of Haringey council which has the highest rates in London, said the borough's spending to date was within its budget. There was no question of Haringey being bankrupt.

Nevertheless Haringey, like many other councils which have little left in their balances, will be looking with some trepidation at the prospect of further pay awards to employees as the result of comparability studies, particularly since it is uncertain whether the Government will finance its full share of the awards.

Contingency

Mr. Ware said that the Government's public expenditure plans were still unclear and any detailed study of council finances could not be made until after the Budget.

Many councils have not anticipated the likely scale of pay settlements, although contingency amounts were included in the budget estimate to cover the rises.

The Government has also called for a manpower freeze and manpower cuts where possible, and has indicated that it will assume this target has been met when it sets the additional and possibly reduced, amount of rate support grant to cover pay and price inflation at the end of the year.

Any local authority which has failed to hold or reduce staff levels may have to meet the full pay settlements at a time when the Government grant is in real terms being cut.

Enough petrol, tourists told

BY JAMES McDONALD

TOURIST BOARDS in Britain are appealing to holidaymakers and petrol stations not to panic because of the threat of petrol shortages. Panic-buying has already caused cancellations of holidays in some areas.

Mr. Peter Chester, director of the West Country Tourist Board, said yesterday: "Most of the West Country petrol stations have sufficient petrol provided people are sensible." His area covers the Isles of Scilly, Cornwall, Devon, Somerset and west Dorset

Cornwall seems to be the hardest hit. Mr. Francis Hosking, chairman of the Cornwall Tourist Board, said that the county's £200m a year tourist industry was in danger of collapse because of "wildly exaggerated" shortage reports.

Hundreds of family holidays in Cornwall had been cancelled through "irresponsible scaremongering." He has written to Mr. Norman Tebbit, Minister responsible for tourism at the Department of Trade asking him to "scotch" unfounded rumours with a public statement.

He said: "We have found no evidence of anyone not being able to get petrol nor of anyone paying £1 a gallon. There is no shortage other than panic buying."

Mr. Michael Montague, chairman of the English Tourist Board, said: "The fuel shortage is not going to go away. Prudent holidaymakers would do well to review their holiday intentions." The "impulse traveller" might not be lucky.

Mr. Morrison-Smith, director of the Northumbria Tourist Board—which covers the area from the north Yorkshire moors to the Scottish border—said: "There is a shortage of petrol in some rural areas. People are panicking. Some hotels have received cancellations for as far ahead as July and August."

He has appealed to garage owners to be "sympathetic to tourists. A little bit of common sense is all that is needed."

In the North West area—covering Lancashire, Cheshire, Merseyside, greater Manchester and the High Peak of Derbyshire. Mr. Geoffrey Hare, director of the tourist Board, said there had been no "untoward reports" about hotel cancellations. But many garages had "regulars only" signs up.

Michael Montague 'Be prudent' warning

Leading bankers meet for monetary conference

BY MICHAEL LAFFERTY

LEADING BANKERS and Government officials from 21 countries will meet in London tomorrow for the four-day International Monetary Conference.

The annual conference is designed to bring together the chief executive officers of the world's largest commercial banks and government officials from the countries concerned.

Participants at the conference, which is closed to the Press, include Mr. Michael Blumenthal, U.S. treasury secretary, Mr. Gordon Richardson, Bank of England governor, and Mr. William Simon, former U.S. treasury secretary.

Discussions will cover free markets versus intervention; energy, the rise of international funding, the changing structure of international banking, and adjusting to the international monetary system.

The conference begins on Sunday evening with a dinner given by Mr. Walter Wriston, conference chairman and chairman and chief executive of Citibank.

BAA building £7.9m HQ at Gatwick

THE BRITISH Airports Authority is to build a new head office, costing £7.9m at Gatwick Airport. Construction by Higgs and Hill begins this month. When completed early in 1981 it will house 650 staff who now work in three separate offices.

The building will be terraced with trees planted at different levels as a "noise reduction feature," a BAA spokesman said.

Over 60% 'ignorant of councillors' names'

MORE THAN half the people of Britain do not know which political party controls their borough or county council, a survey suggested yesterday.

More than 60 per cent have no idea of the name of their borough councillor, and 76 per cent do not know the name of their county councillor.

The statistics are drawn from a survey by the BBC Radio 4 "You and Yours" programme broadcast yesterday.

The survey was conducted by a "phone-out" to 642 people this week in 10 boroughs, including three where there was no election this year.

John Turtle, editor of "You and Yours" said: "Some people even gave the name of MPs in another constituency as their councillor.

"We thought there might be some ignorance of local government, but only five weeks after local government elections, and with every household in the country faced with this year's rates to pay, we are surprised at the high percentage of voters who know neither who was elected, nor who controls their education, refuse or social services."

Jetlink to start £14 Brighton-Paris service

JETLINK FERRIES, operator of the Seajet service between Brighton and Dieppe, France, will introduce lower fares on certain daily trips to Paris starting next Monday.

The single fare to Paris on the express, leaving Brighton at 14.45, will be £14. Travelling time to Gare St. Lazare will be less than four hours. The return service will be by Seajet train from Gare St. Lazare at 09.55, connecting with the 12.15 flight from Dieppe and arriving at Brighton at 12.55.

For £1 extra, passengers may catch a connection to Brighton from London's Victoria Coach Station.

Jetlink claims that a businessman can spend the morning in his London office and be in Paris for dinner at a travel cost of £17.13—including the £3.13 London-Brighton train fare.

Menzies appeal target is £½m

AN APPEAL to raise £500,000 by Australia Day (January 26) 1980, to endow three projects in memory of Sir Robert Menzies, the former Prime Minister of Australia, will be launched on June 13 at the Clothworkers' Hall, London.

It is planned to establish post-graduate scholarships for Australians at British universities, a centre for Australian studies in London, and to sponsor British studies in Australia. Lord Carrington is chairman of the appeal committee.

Mersey trade mission to tour China

A NINE-MAN trade mission, organised by the Merseyside Chamber of Commerce and Industry, will fly to China today.

It will be led by Dr. Eric Pickering, sub dean of the Faculty of Veterinary Science at Liverpool University. The object is to exchange business and scientific information on veterinary and pharmaceutical products.

During the 10-day visit the members will tour three centres at Peking, Shanghai and Canton as guests of the China Council for the Promotion of International Trade.

MP appointed

MR. MICHAEL SPICER, MP for South Worcestershire, has been appointed Parliamentary Private Secretary to Mrs. Sally Oppenheim, Minister for Consumer Affairs and Mr. Cecil Parkinson, Minister for Trade.

Government cancels employment census

By David Freud

THE GOVERNMENT announced yesterday that it was cancelling the 1979 census of employment on the grounds of cost.

The census covers 600,000 employers and has counted the number of people in employment each June, since 1971.

It is designed to check the monthly and quarterly surveys which are based on samples of 18,000 employers.

The Employment Department said computer difficulties had meant that there had been a delay in processing last year's figures, and cancellation of the 1979 census meant the results for 1978 could be "expedited."

It added: "Any statistical disadvantage is outweighed by the savings."

AA sets up new private hospital insurance plan

BY ERIC SHORT

THE INSURANCE services division of the Automobile Association has launched a new private hospital insurance scheme aimed at providing cheap cover.

The AA Hospital Plan has been developed in conjunction with Private Patients' Plan, the second largest medical insurance agency in the UK.

The plan, which provides no-frills medical insurance, is the result of extensive research among AA members. The AA found that most people resent having to wait for treatment, so it intends to cut delays.

Under the plan, a member is entitled to receive immediate private hospital treatment if there will be more than a six-week wait at a National Health Service hospital.

The plan also provides cash payments of £15 a night when the member receives NHS treatment. This covers incidental expenses incurred while a patient is in hospital.

The cover can be arranged for a single person, husband and wife or a family. Premiums range from £3 per month for a single person, up to £11 per month for a family of four or five. This is between one-third and one-half the cost of normal health insurance schemes.

The AA said the scheme did not pretend to provide the comprehensive cover of traditional schemes designed for people who preferred to be treated exclusively in the private sector. The NHS normally dealt with urgent medical and surgical matters without delay, but there were long waits with less urgent cases. The new plan would enable them to receive private sector treatment.

The insurance services provided by the AA have long since expanded from the original concept of providing motor insurance cover at cheaper rates for members. The association now offers house, boat, life and other forms of private insurance. It is one of the largest brokers dealing with the private individual.

Mr. Norman Fowler, Minister of Transport (right), with Mr. Gordon Hartnell, British Rail Area Manager, Waterloo, after riding on a morning commuter train from Wimbledon to Waterloo. Mr. Fowler said on arrival that most people had told him they thought the service was good. "It seems right that the Minister should go out and not forever rely on his officials to tell him," he added.

Wellington porcelain to stay in Britain

BY ANTONY THORNCROFT

THE VICTORIA and Albert Museum has cut deeply into its £950,000 annual grant to keep in the country the 120-piece Sèvres porcelain dessert service which King Louis XVIII of France gave to the Duke of Wellington in 1818, in recognition of the Duke's help in restoring him to his throne.

The present Duke was threatening to sell the service to France for £450,000 to raise money for running costs at his home, Stratfield Saye.

Last month Mr. Norman St. John Stevas, Minister for the Arts, temporarily refused an export licence on the service and the V & A has quickly taken advantage of the three-month delay. Tax advantages and the fact that the purchaser is a museum will reduce the cost but the service is likely to consume around £300,000 of the V & A's grant.

The service should be on display in the museum within 10 days but will probably go eventually to Apsley House, Hyde Park Corner, the London home of the first Duke of Wellington, now a museum to his memory administered by the V & A.

Bulletin delay

By Our Economics Staff

PUBLICATION OF the Bank of England's quarterly bulletin has been set back a week to June 20 so that measures announced in the Budget next Tuesday can be included in the bulletin's economic appraisal. Details of the bulletin will appear in the Financial Times on June 21.

Balance of payments shows £685m surplus

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE UK had a combined surplus of £685m on the current and capital accounts of its balance of payments during the first three months of this year.

This was entirely the result of a surplus of £1.55bn on the capital account following a deficit of £514m in the previous three months.

In the first quarter there was a substantial net inflow into sterling deposits, British Government stocks and Treasury bills as a result of the favourable market view towards sterling during March.

Official sterling balances rose by £141m in the quarter with private sector holdings up by £474m, and overseas investment in the UK public sector rising by £226m.

The most substantial change on the capital account was associated with UK banks' borrowing and lending in overseas currencies. In the fourth quarter of 1978, transactions in foreign currency liabilities and claims were roughly in balance but in the first three months of 1979 there was an inflow of about £940m. Net external liabilities increased as UK banks and other UK residents switched into sterling.

The capital inflows offset a turnround on the current account from surplus of £450m in the final three months of 1978 to a deficit of £787m in the first quarter.

The bulk of the deterioration occurred in visible trade but the invisibles' surplus dropped by £95m compared with the previous quarter to £394m.

This was associated with an increase of about £100m in the deficit on transfers largely because receipts from the EEC fell back from their high level in the fourth quarter.

The balance on services deteriorated by roughly £100m, partly as a result of falls in net earnings from civil aviation and travel. UK oil companies' earnings abroad rose sharply following oil price rises as reflected in BP's results earlier this week.

The visible trade deficit was £1.18bn in the first three months of the year. The deterioration resulted largely from the impact of the road haulage dispute and some recovery is, therefore, expected in the second quarter, although the monthly figures indicate a visible deficit of £327m in April.

Because of delays in recording the figures, as a result of the Civil Service dispute, imports totalling some £300m-£400m which have been omitted from the first quarter will appear in second-quarter figures.

Export volume fell by 12 per cent in the first quarter compared with the previous three months while import volume rose by 1 per cent. The value of exports to Iran and Nigeria fell by £265m in the period, though exports of fuels rose by £147m.

● NEWS ANALYSIS—THE HOLIDAY BUSINESS

Thomson explains its direct-selling move

BY ARTHUR SANDLES

THOMSON TRAVEL has written to Britain's 5,000 travel agents "before the rumours started spreading" about its decision to start a direct-selling package tour company, thus demonstrating the sensitivity of this issue.

The travel agents already feel themselves threatened by the present direct-sell companies and by the pace with which the large suppliers of tours—notably the airlines, Thomson and Horizon Midlands—have been showing an interest in their own retail chains.

All this has been happening against a background of increased market aggression by old-stagers including Thomas Cook and newcomers such as W. H. Smith. Thomson's move on direct selling will be seen by many agents as a stab in the back by a best friend.

Thomson is the biggest of Britain's tour operators, probably carrying around 900,000 people on trips ranging from China to the Austrian ski slopes. It is larger than challengers Cosmos, Horizon, British Airways and Intasun.

Thomson Travel is the holding company within the Thomson Organisation under whose umbrella comes the package tour company (Thomson Holidays), the airline (Britannia) and various other notably hotel, interests.

Clearly there was some hope within Thomson that assurances to the trade that the new operation, which is to have the good old solid name of Sterling is totally separate from Thomson Travel — in name, location, staffing and marketing — will keep the trade quiet.

On past form this hope is likely to be misplaced. Less spectacular exercises by others —such as the British Airways discount centre plan last year — have produced threats of boycotts and angry scenes within the travel trade organisation, the Association of British Travel Agents.

Since abuse and possibly some attempt at trade retaliation are almost inevitable, why did Thomson do it?

The fact is direct selling has made a much greater penetration into the British market in recent years than many of the established companies trading in the traditional way would like to admit. The biggest is probably Martin Rooks, a London-based organisation bought relatively recently by British Airways and this year likely to be in the 100,000-plus league, which puts it well up in the tour operating top 20. Close behind is Danish operator Tjaereborg, which started in the UK only two years ago and has already opened an operation in Manchester as well as London.

Vingresor, another Scandinavian operation, is into its first season in Britain. Budget Holidays, one of the lesser-known direct sellers, raised its capacity from 42,000 to 60,000 this summer.

Thomson could hardly see this sort of slice being nibbled from the market in which it is easily the brand leader without retaliating. Sterling will be that retaliation.

The other problem for Thomson in making the move is that rivals Cosmos and Intasun are likely to lean more heavily on the role they have been carving for themselves already as "the agent's friend"—organisations which do not want to buy their own retail shops or go direct.

In facing up to these likely repercussions, Thomson has clearly seen the potential threat to its business as very serious indeed and small travel agents are likely to have a few restless nights as a result.

Lady Kagan and son on new charges of false accounting

LADY KAGAN, 54, wife of the founder of the Gannex group, and her son Michael, 28, yesterday faced new charges involving false accounts, and were ordered by a court not to leave Britain.

They were held for 1½ hours until they found new personal bail securities of £30,000 each. They were previously on £1,000 bail.

The new charges followed a court appearance on remand before Leeds magistrates yesterday.

Lord Kagan, a friend of Sir Harold Wilson and now believed to be in Spain, Lady Kagan, Michael, and three business associates were originally accused of conspiracy to defraud the Inland Revenue.

The five were charged with Lord Kagan and Cellofoam (Yorkshire) with conspiring together to export denim cloth from the UK to Belgium when that was prohibited.

Lady Kagan of Fixby Road, Huddersfield; Raymond Kennedy, 53, of Wedgwood Drive, Leeds; Valdemar Ginsburg and his wife, Ibby, of Hullan Edge, Elland, West Yorks, are charged that with Lord Kagan they were knowingly concerned in the exportation of denim cloth which was prohibited.

All are charged with Lord Kagan that they conspired to defraud the Revenue by not disclosing profits earned by British companies abroad.

In court yesterday they were remanded on bail until August 31. Reporting restrictions were not lifted.

Last night the Inland Revenue disclosed the new charges. Lady Kagan was charged with rendering false accounts of Cellofoam (Yorkshire).

Michael Kagan, Kennedy and the Ginsburgs were all charged under Section 17 of the Theft Act with "false accounting." Kennedy was also charged with rendering false accounts of Kagan Textiles.

A further charge of conspiracy to defraud the Public Revenue was brought today against Kagan Textiles.

Also, Kagan Textiles and Cellofoam were both charged with fraudulently sending false accounts to the Inland Revenue

Whitehall recruitment hit by pay

BY PAUL TAYLOR

RELATIVE poor pay and increased competition from the private sector has made it more difficult to recruit specialists including accountants and engineers, to the Civil Service, says the Civil Service Commission in its annual report for 1978 published yesterday.

While the latest round of pay increases for civil servants may help to ease the problem facing the commission, which is responsible for all recruitment, the report shows how serious the problem is.

Recruitment in 1978 is described as "a story of mounting activity and mixed fortunes." While the commission was asked to fill many more vacancies in 1978 than in 1977, it "fell a long way short of meeting some of those demands."

The main area of success for the commission appears to be in the recruitment of graduates. This is balanced by a lengthy list of problems in specialist, professional technological and other areas including the Inspectorate of Taxes which is said to be "a matter for some concern."

Recruitment was particularly difficult in areas where there is now a national shortage of qualified staff and competition between employers is very keen.

Despite the difficulties the commission did increase the recruitment of graduates and raised the number of scientists from 260 in 1977 to 509 last year. Cearly the Government will hope that, following the recent pay awards these limited successes will be followed in other critical areas.

Reprieve for waste-tip road

BY COLLEEN TOOMEY

THE OWNER of Britain's biggest waste tip yesterday won a temporary order to keep open the site's only access road.

Land Reclamation, a wholly-owned subsidiary of Redland Purle, was told two days ago by the owners, Basildon District Council, that the road would close on June 12.

But at a 20-minute private hearing in the High Court, Mr. Justice Woolf granted a seven-day injunction restraining the council from blocking the road to the site at Pitsea on the Essex marshes.

Last month, after more than two years of litigation, Land Reclamation was refused leave to appeal to the House of Lords against the council's refusal to renew the company's right of road access. But the Department of Environment last week granted Land Reclamation planning permission for a new road, which would cost over £600,000 and take at least 20 weeks to build.

The council leased the access road to Land Reclamation in 1970 for seven years

BALANCE OF PAYMENTS £m.

	1977	1978	1978 3rd qtr	1978 4th qtr	1979 1st qtr
			Seasonally adjusted		
Visible trade (balance)	−1,744	−1,175	−367	−39	−1,181
Invisibles (balance):					
Services	+2,948	+2,953	+799	+843	+744
Interest, profits and dividends	+392	+678	+258	+109	+212
Transfers	−1,225	−2,013	−536	−463	−562
Total	+2,115	+1,618	+521	+489	+394
Current balance	+371	+443	+154	+450	−787
			Not seasonally adjusted		
Current balance	+371	+443	+314	+499	−870
Investment and other capital transactions	+4,465	−2,370	−70	−682	+1,634
Balancing item	+2,525	+801	−34	+168	−79
Balance for official financing	+7,361	−1,126	+210	−15	+685
Allocation of Special Drawing Rights	—	—	—	—	+195
Official financing					
Official reserves (drawings on, +: additions to, −)	−9,588	+2,329	−54	+311	−955
Other official financing	+2,227	−1,203	−156	−296	+75

Source: Central Statistical Office

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m.
1977		32,148	33,892	118.9	107.2	100.8	−2,791
1978		35,432	36,607	122.9	112.6	105.9	−2,015
1977	1st	7,520	8,466	115.9	108.9	99.1	−781
	2nd	7,921	8,700	117.7	110.7	100.6	−761
	3rd	8,531	8,534	124.6	107.3	101.3	−590
	4th	8,176	8,192	117.3	102.4	102.4	−659
1978	1st	8,408	9,004	119.6	113.5	105.7	−620
	2nd	8,753	8,926	122.2	109.7	104.9	−414
	3rd	9,051	9,418	124.8	114.9	106.1	−501
	4th	9,220	9,259	124.8	112.3	106.9	−480
	Nov.	3,020	3,136	122.5	113.7	107.5	−162
	Dec.	3,127	3,086	126.0	112.5	107.0	−183
1979	Jan.	2,810	2,936	113.0	107.1	107.4	−62
	Feb.	2,565	3,331	100.7	117.0	108.1	−78
	Mar.	3,015	3,304	117.3	115.7	107.4	−97
	Apr.	3,275	3,602	128.4	127.2	108.9	−114

* ratio of export prices to import prices

Source: Department of Trade

PRINCE CHARLES spent two hours at the headquarters of the Amalgamated Union of Engineering Workers in Peckham, London, yesterday as part of his programme to familiarise himself with trade unions and industry.

Mr. Terry Duffy, president, told him: "We have been very impressed with the discussions we have had with you and the questions you have posed. We feel you would make a very good engineering employer."

He said the Prince had asked about the engineering industry pay negotiations—on which industrial action is threatened—during a private meeting with the executive but made no comment on the claim.

Prince Charles is pictured receiving an initiatory parchment from Mr. Duffy (left) and Mr. John Boyd, general secretary.

Charities set up lottery

By Paul Taylor

A NEW national fund-raising lottery company owned and run by 22 charities was launched in London yesterday.

Launched under a "Care and Share" lottery slogan, National Charity Lotteries hopes to expand both the number of charities involved in the consortium and the size of the market, which it believes could eventually total £100m in receipts a year.

In an attempt to avoid the problems encountered by other lottery operators in the aftermath of the Royal Commission on Gambling report, the company wants to hold administration costs to 1.5 per cent of proceeds by drawing on the resources of existing charity staff. Tickets will cost 25p each, with a top prize of £1,000.

The company hopes to attract ticket buyers outside the 12 per cent of the population who currently buy lottery tickets.

Mr. Simon Mumford, marketing director of the charity company, said if a national lottery was introduced in line with the recommendations of the Royal Commission, National Charities would wish to share in its management.

Legal fight over Mirror machinery

MIRROR GROUP Newspapers yesterday won the first round of a legal battle over £5.8m worth of printing machinery. They had sold it for £260,000 to a London firm of printing machinery suppliers, under the impression that it was being bought for The Times of India. But a third of the plant has been installed in the Glasgow works of The Sun.

Mr. Justice Woolf, at a private hearing in the High Court yesterday granted the Mirror Group a seven-day injunction banning the machinery suppliers from disposing of the machinery to any of the Mirror's UK competitors or from selling it otherwise than for export.

The order was against F. B. Machinery and Supplies Ltd., of Fulbrook Mews, Highgate, London, and two partners in the firm, Mr. S. F. C. Farren and Mr. R. W. Broughton, who were not present or represented at yesterday's hearing. In its writ against the firm the Mirror Group also seeks damages for breach of agreement.

Sir Norman Hartnell dies

SIR Norman Hartnell, dressmaker for Royalty died yesterday in King Edward Hospital, Windsor, after a heart attack at his home in Sunninghill. He was 77. He was dressmaker by appointment to the Queen and also to Queen Elizabeth, the Queen Mother.

He was chairman of the Incorporated Society of Fashion Designers from 1947 to 1956 and in 1947 received the Neiman-Marcus Award, U.S. for world influence on fashion. He wrote two books, an autobiography, "Silver and Gold" in 1955, and "Royal Courts of Fashion" in 1971.

He went to Magdalene College, Cambridge and in 1939 was awarded Officier d'Acadamie by the French Government.

He was knighted in 1977 and continued designing outfits for the Queen until a few weeks ago.

Sir Colin Coote

SIR COLIN COOTE, former MP and managing editor of The Daily Telegraph, died in his London home yesterday aged 85. He was managing editor for 14 years until his retirement in 1964. He became Liberal MP for the Isle of Ely, after war service during which he won a DSO, from 1917 to 1922. He wrote several books about Italy as well as political biography. He was knighted in 1962.

Texaco strikers return to work

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE 800 strikers at the yard which builds essential modules for Texaco's Tartan oil platform yesterday voted to call off their three-week strike and return to work tomorrow.

They have dropped their claim for completion bonuses of £1,300 cash and accepted the company's offer of £290.

Texaco had threatened to sack the workforce and recruit new labour to finish the modules. It now hopes that they will be ready to be floated out to the field before the end of the summer.

Mr. Peter George, convenor at the Burntisland Fabricators yard in Fife, said the dispute was largely due to uncertainty about the yard's future after the Texaco contract had ended. But the men had decided to return to work to prove to prospective buyers that they could complete orders.

The Tartan platform was installed on the field earlier this week. Production of crude oil is due to begin in March next year.

Civil Service unions reject pay offer

BY NICK GARNETT, LABOUR STAFF

A PAY offer for Civil Service assistant secretaries and senior principals was rejected yesterday by their unions.

The First Division Association and the Society of Civil and Public Servants which represents them are meeting Sir Ian Bancroft, head of the Home Civil Service on Monday, to discuss the position.

They may then seek a meeting with Civil Service Ministers, possibly on Wednesday.

Yesterday's offer was substantially below the rises suggested to be due to assistant secretaries and senior principals under a pay comparability study already applied to most Civil Service grades.

If fully implemented, these comparability rises would lift the maximum pay of the 1,100 assistant secretaries from £12,273 to about £18,700 and that of the 650 senior principals from £10,809 to about £15,000.

They would, however, badly disrupt differentials for top civil servants.

TUC will fight plans to hive off State industries

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TUC will resist Government attempts to downgrade the National Enterprise Board or hive off profitable parts of nationalised industries, Mr. David Lea, assistant general secretary, said yesterday.

His comments, coming a few days before the Budget, represent part of a continuing campaign by union leaders to persuade the Government to change as little as possible industrial policy.

"We must defend the National Enterprise Board, explain its positive role, and not allow its powers of initiative to be destroyed just as it has begun to succeed in its vital task," he told the Post Office Engineering Union conference at Blackpool.

"We hear a lot of talk about enterprise, initiative and success, and we are not against such principles. Indeed, they constitute three very good reasons why the TUC would oppose attempts to hive off parts of the nationalised industries including parts of the Post Office".

Such hiving off was not in the customers' interests, and would undermine the large investment which had taken place.

A major public stake in investment in new technology through the NEB and the nationalised industries was essential, given the "inability or unwillingness of the financial institutions to be adequate providers of risk capital."

Hotel pickets stand firm

BY OUR LABOUR STAFF

CHAMBERMAIDS at London's Grosvenor House Hotel in Park Lane voted to continue their picket line outside the premises yesterday after rejecting a management offer to hear their individual appeals against dismissal.

The 30 chambermaids were sacked last week for walking out over the dismissal of Mrs. Ellen Gallagher, their shop steward, for refusing to clean a floor.

Mr. Jim Kooyman, assistant general secretary of the Furniture, Timber and Allied Trades Union to which the chambermaids belong, said a meeting of 17 of the pickets had rejected an offer of "compensatory payments" from Trust Houses Forte, owner of the hotel.

Representatives of 25 members of the General and Municipal Workers' Union at the hotel who stopped work in sympathy with the chambermaids promised yesterday to continue their support until a satisfactory solution was found.

هكذا من الأصل

THE WEEK IN THE MARKETS

Waiting for Sir Geoffrey

[A] week that took in the Derby [and] preceded the Budget never [had] much chance of attracting [muc]h turnover to the Stock [Ex]change. The markets seem [to h]ave spent most of this year [wo]rrying about some budget or [oth]er—first Mr. Healey's, now [Sir] Geoffrey Howe's—and this [wee]k paralysis has set in.

[A] substantial rights issue [fro]m Grand Metropolitan, add[ing] to the list that the market [will] have to find funds to [sati]sfy at the end of this month [and] the beginning of July, was [no] help to sentiment in the [equ]ity market. But a certain [amo]unt of closing of bear posi[tion]s stopped the market falling [too] much, while discount [hou]ses were apparently cover[ing] their positions in short-dated [gilt]-edged stock ahead of the [Bud]get.

[Y]esterday, though, the [anno]uncement of dreadful trade [figu]res for February, March [and] April meant that the week [fini]shed on a very low note. The [fact] that imports were sucked [in a]fter the end of the lorry-[driv]ers' strike suggests that the [Cha]ncellor has very little room [to b]e generous.

[Gr]and Met rights

[G]rand Metropolitan rarely [doe]s things by halves. Its £430m bid for Watney Mann, the brewers, remains the largest takeover ever recorded in the City's history and the resultant debt burden might reasonably have been described as mountainous.

With the important help of the £115m loan stock conversion last year, Grand Met has already lightened its borrowing to a considerable extent but debt is still financing over 40 per cent of tangible capital employed.

Grand Met came to the head of a lengthy rights issue queue during the week with the largest call for new equity funding seen this year. The giant leisure group announced terms of one-for-seven at 126p to raise just under £80m. The aggregate sum of new financing raised in this manner during 1979 so far tops £500m.

The issue, is principally designed to fund a £110m capital spending programme, together with further acquisitions in the UK and the U.S. Interim profits, however, climbed by 21 per cent to £52.2m and something in the region of £140m should be in sight for the full year, which suggests that Grand Met's stated expenditure plans could be financed largely from cash flow.

At the same time, the group forecast a 21 per cent dividend increase for the year to September 30. That was not enough to check an immediate 10p fall in the share price. The reaction has led the City to suppose that forthcoming issues might be pitched on fairly cautious terms. Grand Met's cash call was aimed at a discount of more than 16 per cent to the overnight quotation and future discounts may edge higher.

LONDON

ONLOOKER

BP gushes

It was no secret, particularly after Shell's good performance, that BP's first quarter figures would look marvellous compared with the previous year's. Already in the last quarter of 1978 the rising oil price had helped profit margins to widen, both on crude oil sales from BP's fields in the North Sea and in Alaska, and on the refining businesses that have been depressed for so long.

Oil company results are notoriously difficult to interpret as they are subject to so many accounting distortions—large-scale currency adjustments, stock profits, fluctuating tax payments. But it does seem that BP has made more significant progress between the last quarter of 1978 and the first quarter of this year than Shell. Net income of £281.9m in the first quarter probably incorporates some £50m of stock profits, and there is a net contribution from new acquisitions, but all the same the underlying advance is impressive.

BP has lost its Iranian business, but this was never particularly profitable anyway, and it is earning much higher returns elsewhere. Even if, as seems quite likely, petroleum revenue tax is raised in Tuesday's Budget, the company could still make profits after tax of £850m to £950m for the year as a whole. As the oil price has kept on rising there will be a considerable stock profit element in the second, and probably third, quarters to help the figures along.

BTR bids

Sandy Marshall had little more than a month to address himself to the executive chairmanship of Bestobell, since leaving the Board of P & O, before the acquisitive industrial holding company, BTR, announced its intention during the week of making a bid worth £26.3m, or 200p per share.

Bestobell's profits in 1978 were disappointingly flat at £4.9m—a result of poor trading *conditions in South Africa and steep factory opening costs in Scotland.* BTR's profits over the same period grew from £29.7m to £42.5m and a distinctive feature of a powerful track record over this decade is a long list of bids which has embraced such takeovers as Permali, Stowe, Woodward, André Silentbloc, Allied Polymer and *Worcester Controls.*

BTR has proved itself an adept and tenacious bidder. It stalked Silentbloc for over five years and has apparently also had its sights fixed on Bestobell for some time. Its interest was forced out into the open by a rise in the Bestobell share price and the market is now suggesting that BTR may *have to lift its terms a little.* For his part, Sandy Marshall is keeping his defensive powder dry.

Airmen swoop

The British Airways pension fund finally won control of the Debenture Corporation this week, but not before the latter had forced the airmen to lift their price by 3 per cent. It may not sound a lot—but the investment trust industry was quietly pleased.

With the average trust standing on a 26 per cent discount to underlying net asset value the big pension funds have been eyeing the investment trusts greedily. Such is the size of the pension funds' monthly cash flows that they can sometimes find it tricky to put money into equities without chasing up prices, and buying a sleepy investment trust seemed a good way of acquiring a ready made portfolio of shares. But the lesson of the Airways/Debenture Corporation battle is that investment trusts are not going to give in easily. At the end of the day the Airmen had to pay a 2 per cent premium over net asset value.

Over the last couple of years the investment trusts have slowly woken up to the threat of takeovers. A pension fund might easily win over 50 per cent of the shares but it needs over 90 per cent if it is to have a free hand. And this is not as easy as it sounds.

The National Coal Board pension fund, for one, cannot be particularly pleased with the *fact that it has been stuck with* a recalcitrant 18 per cent minority in the British Investment Trust. Future predators will have to pay more if they are going to be successful. This is the message of the Debenture Corporation deal.

Ground regained

INVESTORS PILED into the market this week, churning over a huge volume of shares *and pushing the Dow back over* the ground it lost in the first days of the month. In fact, the gains did not always match the volume (Thursday's 43.4m shares was the highest since November but the index edged up less than two points). But all the activity suggested that investors are keen to get into the market at what could be *the economy's turning point.*

There was a lot of talk of large cash reserves being channelled into the market, even of institutional panic-buying.

Whether this will set the market off in a new direction is, of course, still moot. In the past the Dow has rarely put on its big rally until several months *after the economy has peaked* out, and economists argue that while this may be the moment to move in to bonds, it may be *a bit early for stocks.*

NEW YORK

DAVID LASCELLES

However, evidence of the economic peak itself is mounting. Retail sales are down across a broad front, the leading economic indicators showed sharp losses in April, and consumers appear to have borrowed all they can.

For investors who believe that inflation is the key to the *market's performance* in the coming months, the week brought one piece of good news: producer prices were up only 0.4 per cent in May, the lowest for nine months, which suggests that pressure on retail prices could also abate as these trends move through the system. The Administration is standing by its pledge not to introduce mandatory wage and price guidelines, and Mr. Michael Blumenthal, the Treasury Secretary, claims that *goods susceptible to the price* guidelines (which do not include commodities and things like oil) are going up less fast.

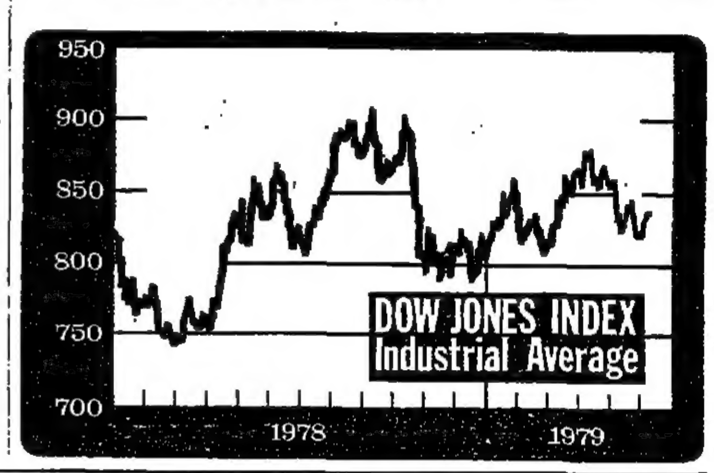
As usual, energy issues dominated Wall Street this week because of the prospects for higher oil company earnings from oil price decontrol in the U.S. and the OPEC meeting later this month. The surge *came despite news that* President Carter's threatened tax on windfall profits earned from decontrol could take over $5bn out of company earnings, nearly three times the original estimate. In fact, most of these figures are fanciful because nobody yet knows how severe the tax will be.

Some energy stocks gained for different reasons. Smaller exploration companies, like Dome Petroleum and Mesa Petroleum have pushed ahead on reports of *new oil finds.* Oil service company stocks have also shown strength because of the *likelihood* that higher oil revenues will lead to a higher pace of exploration. Like the windfall profits tax, this is a prospect that is very hard to gauge, *but petroleum geologists* have said that the U.S. could, and should, double its drilling activity in the coming years.

The week's biggest losers continued to feature McDonnell Douglas, maker of the ill-starred DC 10. From a year high of over $40, it shares lost another $4 to close around $20. Although this is far from surprising given all the bad publicity surrounding the DC 10, several Wall Street analysts argue that the impact on McDonnell Douglas' earnings will be negligible, even nil.

CLOSING INDICES

Day	Close	Change
Monday	821.90	+0.69
Tuesday	831.34	+9.44
Wednesday	835.50	+4.16
Thursday	836.97	+1.47
Friday	835.15	−1.82

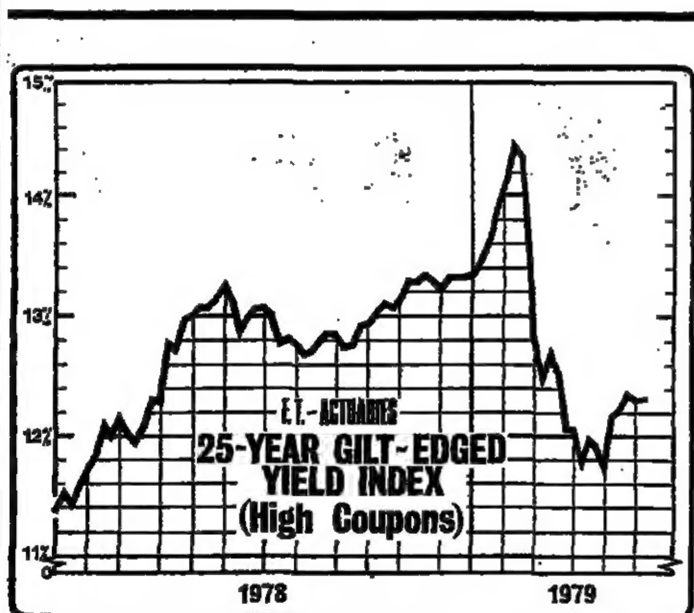


MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1979 High	1979 Low	
Ind. Ord. Index	503.2	−10.3	558.6	446.1	Subdued awaiting budget proposals
Gold Mines Index	201.8	+ 6.5	208.4	129.9	Record bullion price
Amal. Distil. Products	45	+ 7	46	29	Bid speculation
Armitage Shanks	87	+ 9½	89	71	Excellent annual profits
Bestobell	215	+49	215	128	Bid approach from BTR
Bishop's Stores A	134	+14	136	91	Pleasing annual profits
Brent Walker	88	−12	108	50	Impressive profits discounted
BP	1,226	+82	1,246	882	Good first-quarter figures
Brown & Jackson	230	+44	268	44	Renewed investment demand
Cons. Murchison	300	+25	345	170	Higher-than-forecast dividend
De La Rue	503	+33	505	320	Dividend potential
Doranakande Rubber	140	+22	150	93	Good annual results
Dykes (J.)	33	−11	59	33	Recent disappointing figures
Grand Metropolitan	139	−16	180	112	Proposed £80½m rights issue
McCorquodale	123	− 9	145	123	Proposed £3.2m rights issue
Matthews (B.)	274	+44	283	171	Speculative demand/thin market
Muirhead	244	−26	303	200	Disappointing interim results
Provincial Laundries	42½	+ 9	43½	15½	Bid speculation
Vinten	168	+27	199	135	Persistent speculative demand
Wearwell	40	+ 9	40	25½	Speculative buying

U.K. INDICES

Average week to	June 8	June 1	May 25
FINANCIAL TIMES			
Govt. Secs.	72.84	72.86	72.84
Fixed Interest	75.08	75.12	75.09
Indust. Ord.	510.9	513.7	513.7
Gold Mines	202.6	194.6	184.8
Do. (Ex $ pm)	165.6	159.9	148.1
T'tl. brgs.	16,498	—	—
FT ACTUARIES			
Capital Gds.	266.06	266.09	267.43
Consumer (Durable)	246.75	246.48	246.26
Cons. (Non-Durable)	247.17	248.25	247.42
Inds. Group	252.02	252.19	252.63
500-Share	286.95	284.87	284.56
Financial Gp.	199.66	201.57	199.49
All-Share	262.60	261.65	261.25
Red. Debs.	60.01	60.42	60.98



FINANCE AND THE FAMILY

Hobbies and income tax

By OUR LEGAL STAFF

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

An article in your issue of May 5 states that hobbies are outside the scope of tax. To what extent is this the case? For example, what is the position of a commercial artist who belongs to an Art Society, paints in oils or water colours for pleasure and, through the society exhibitions sells one or two paintings now and then for £40 or £50 a time. Or, what is the position regarding a numismatist who collects as a hobby but in the course of making up sets is buying and selling coins? What about a woman who knits as a hobby but in order to get enough to knit while watching television, does work for one of these hand knitting firms?

For an outline of the factors likely to be taken into account by the Inland Revenue and the General (or Special) Commissioners in any particular case, you might like to browse in a local reference library through chapter 5 of Whiteman and Wheatcroft on Income Tax (Sweet and Maxwell)—which you may find alongside the British Tax Encyclopedia—or article A1.121 et seq. in volume A of Simon's Taxes (Butterworths). On a much smaller scale, the points are touched upon in chapter 8 of the Hambro Tax Guide (Macdonald and Jane's), for example.

On the bare facts postulated, the commercial artist and the knitter would be vulnerable to schedule D income tax assessments, but the numismatist's sales would only be vulnerable to capital gains tax (*subject to* section 128 (6) (b) of the Capital Gains Tax Act 1979).

Flat owned by a trust

In 1965 a trust of which I was the sole beneficiary bought a flat in which I lived until 1965, after which it was let. The property has now been made over to me by the trustees and I should like to dispose of it. Could you recommend a method of disposal which will minimise capital gains tax?

The method of disposal makes no difference to the liability for tax. We think, however, that depending on the terms of the trust under which it was purchased, you will be able to claim exemption from tax on the flat in respect of the gains deemed to have arisen during the period when it was your residence.

The tax on a pension

In June I will be 70 years of age and due to draw from my family firm approximately £4,000 per annum in pension or part cash and part pension. I am joint managing director and propose to go on working part-time as long as possible. I am at present taxed at 65 per cent top slice so that I presume my pension will be taxed above this, also the state pension which I have deferred until I am 70. Can you suggest any way I can avoid having my pension taxed so heavily? It runs for 5 years certain or until death. I would like to protect my wife in the event of my death after 5 years.

You have left it rather late, and it is doubtful whether much can be done now. Presumably your company's pension scheme does not include any provision for a prospective pensioner to forgo part of his pension in consideration of a (reduced) pension being paid to his widow, from the date of his death. We suggest you study the rules of your pension scheme and have a word with the pension consultants (or other advisers) who assisted the company in drawing up the scheme.

Administration income

Referring to your reply as to the correct course of action by executors under Valuation of shares (May 5) I have read pages 158/9 of the Hambro Tax Guide 1978-79, but am not clear whether the administration period income counts as my income when I transfer the net dividends to my personal account. Could you enlighten me?

The answer is *yes* (as indicated in the final sentence of the section headed "Income tax during the administration period" on page 158 of the Hambro Tax Guide for 1978-79). The rules are complex and the Hambro book does not claim to be more than a brief guide to the broad principles, so you will find it worthwhile to spend half an hour or so in a local reference library with one of the larger works on income tax and capital gains tax, e.g. the British Tax Encyclopedia (5 looseleaf volumes plus 3 bound, with supplements) or Simon's Taxes (9 looseleaf volumes). You should look particularly at sections 427 to 432 of the Income and Corporation Taxes Act 1970 (as amended by subsequent Finance Acts).

No right to a house

My employers, the NHS, required me to live in a house they rented to me from 1962 and this was written into my contract of employment. I am now about to retire and will be required to vacate the house. Have I any legal protection against eviction before I obtain suitable housing? Is my local authority required to rehouse me in suitable accommodation?

You do not have any right to remain in your present house. However, if your contract with your employer creates a service tenancy rather than a licence, the County Court judge has a discretion to refuse the employer an order for possession: see Case 8 of the 15th Schedule to the Rent Act 1977. The local authority has no special duty to rehouse you above its normal function as a housing authority.

Apportionment for CGT

In 1974 I acquired (amongst other things) 653 5p ordinary shares in a company (value on acquisition £114) which, in 1978, increased its share capital by issuing a scrip issue of one for one ordinary shares and one £1 preference share for every 20 original 5p shares. I have just sold my 32 preference shares. How do I calculate the acquisition value of (a) the ordinary shares (bearing in mind the preference share issue with the ordinary share split) and (b) the preference shares for CGT purposes?

The original cost (£114) is apportioned in the ratio of the market values (on the quarter-up basis) on the first day on which the bonus shares were listed in the Stock Exchange Daily Official List, namely August 7. On this basis (which is now set out in section 81 (2) of the Capital Gains Tax Act 1979), the 32 preference shares are deemed to have cost £8, and the 1,306 ordinary shares are deemed to have cost £106.

Flat transfer to children

I recently bought for £20,500 a flat registered in my name partly with my own money and partly with money belonging to my two children. I propose to make my share of the flat over to the children equally in instalments of £2,000 per annum each until such time as it is theirs entirely. Do you agree that this method escapes CTT, that the title deeds can be transferred to their names easily and without payment of stamp duty, and that the purchase price can be used as the value for these transactions?

Subject to the qualifications that the amount which you can transfer is £2,000 in total, i.e. £1,000 to each child or £2,000 to the two children jointly, we think that the method you envisage would suffice if effected after a declaration of trust is made by which you create a trust for sale. You can then appoint one or, eventually, both children as new trustees in order to vest the legal estate in them. This method is untried but we think it should be effective.

No information about a legacy

Fifteen years ago I discovered by chance that a legacy had been left to me some five years before subject to a life interest. Should I not have been notified? Last year and again this year I have written to the solicitors concerned asking whether the life tenant was still alive, but have received no reply. Should I write to the Law Society about this?

The solicitor acting in the estate ought to have informed you of the legacy. You should repeat your enquiry in a Recorded Delivery letter pointing out that you will refer the matter to the Law Society if there is still no reply—and, if necessary, then refer the matter to the Law Society.

No automatic resting

Our reply under No Automatic Resting (May 12) requires a correction. Where a transfer of shares to a beneficiary under a will is not in satisfaction of a peculiary legacy, there is no charge to *advalorem* duty.

Investment trusts and losses

I think I have read most of your excellent explanations on Capital Gains Tax on Investment Trust disposals. However I cannot recollect any example which covered a profit on investment trusts with a larger loss on equities. What happens about the 17 per cent investment trust offset?

Losses on qualifying shares in investment trusts, etc., are treated no differently from losses on any other stocks and shares: it is only chargeable gains on qualifying (or partly qualifying) shares, stock and units which attract special treatment (under what is now section 94(3) of the Capital Gains Tax Act 1979).

If chargeable gains on qualifying shares etc., are covered by allowable losses (regardless of the type of assets which produced the losses), then no credit will be due, because the credit cannot exceed the prospective CGT bill for the year in question: if there are no taxable gains, and therefore no potential tax liability, there can be no credit. It is for this reason (among others) that it does not always pay to have one's allowable losses deducted from the earliest possible asessment—and it does not always pay to submit negligible-value claims (under what is now section 22(2) of the CGT Act) at the earliest possible moment.

These points have been covered in replies published over the past couple of years, but you must have missed them. If you are interested in looking at the rules in detail, you can obtain a copy of the Capital Gains Tax Act 1979 (ISBN 0 10 541479 4) for £2.75 from a bookshop or for £2.97 by post from HMSO, PO Box 569, London, SE1 9NH.

The building societies' leader wants to see more savers in term shares, writes **Eamonn Fingleton**

Savers must get the distance

Williams: cool the hot money — Hugh Routledge

BUILDING SOCIETY savers of the 1980s will need to tie up their money for longer periods to get the best interest rates.

An attempt to lock up more of the industry's £40bn deposits in term share arrangements is a major objective of Leonard Williams, the new chairman of the Building Societies Association.

He blames societies' overwhelming dependence on short-term money for many of their recent problems in controlling the flow of funds for house purchase.

He points out that savings and loan associations, the American equivalent of building societies, get 60 per cent of their money from long-term deposits. And savers are often locked in for eight years or even longer.

In Britain only 10 per cent of mortgage money comes from long term deposits—and none of the major building societies has fixed term deposits of more than five years.

Williams sees term money as the solution to the industry's perennial problems in maintaining an even flow of mortgage funds. The association has in recent years been driven to change its recommended rates ever more frequently in a bid to fine-tune savings flows.

No matter how fast the association has reacted, it has often been caught wrong-footed—for the industry's cumbersome decision-making process means that rate changes can be out-of-date before they are implemented.

The result is, according to Williams, that between £1bn and £2bn of hot money (mainly from larger investors) is constantly moving around between the building societies, the banks and National Savings. One month the societies are awash with money, next month the tide is flowing out again. Stop-go lending policies not only make moving house more hazardous, but add to the house-building industry's already mind-boggling difficulties in forecasting demand.

Williams hopes that in future building societies will have a greater range of interest rates—with extra interest of up to 3 per cent tax-paid for the longest term money. At the moment the longest term money accommodated within the association's agreed structure is four years and gets extra interest of just 1½ per cent.

The premium for long term money will be a mixed blessing for savers—for it will be the result in part of a lower basic building society rate.

He is unruffled by critics who point out that even the pres[...] modest premiums for ta[...] share money make it unpro[...] able for the societies. He poi[...] out that measures of pro[...] ability of the industry's borr[...]ing should not be based sol[...] on the basic mortgage rate [...] also on the higher rates t[...] the industry is increasin[...] extracting for larger loans a[...] older houses.

The duty of telling all

INSURANCE
JOHN PHILIP

WHEN YOU seek to buy insurance, whether as a householder or motorist, for your own business, or as an insurance manager of a large organisation, you are under legal duty to tell insurers all the material facts about the risk you are asking them to cover.

In legal theory this is a simple duty, but in practice often difficult to carry out because what matters is not what you, the buyer, thinks to be material but it is what the insurer, with accrued wisdom stemming from years of risk taking, holds to be material.

Our present law was developed over the 18th and 19th centuries and then mostly in relation to commercial insurance contracts and has stood virtually unchanged since the early 1900s. But not unchallenged, and in the ever increasing consumerist climate of modern Britain it is not surprising that there is now great pressure for change.

Critics of the legal duty of disclosure say that it is asking too much of the average or less than average ordinary citizen in his private capacity to appreciate how far-reaching his duty really is; and they argue that even the best intentioned and best informed proposer can in fact fail in his duty and then run the risk of having no protection in time of trouble.

Rather more than 20 years ago a committee of lawyers, the Law Reform Committee, recommended that the duty of disclosure should be modified so that "no fact should be deemed material unless it would have been considered material by a reasonable insured." But insurers convinced the then government that honest reputable insurers did not rely on "technical defences," for example, such as failure to disclose, so as to defeat honest claimants, and in the event no modification was made.

All was almost quiet until a couple of years ago when the Unfair Contracts Terms Act was making its way through the legislative machine of Westminster. Then insurers were constrained to agree with Government Statements of Practice applicable to private insurances arranged by UK residents. These Statements of Practice, which separately deal with life and non-life contracts were as the name implies for the most part declaratory of established market practice. While these Statements were drawn up and agreed by the British company market bodies and by Lloyds, and were so strictly applicable only to their members, the Department of Trade at once took steps to ensure so far as practicable that other non-member insurers knew of the statements and honoured them.

The statements did nothing to alter the concept of materiality which continued to be judged from the underwriter's chair although insurers undertook in proposal forms and renewal notices to explain briefly what are material facts. But the statements did emphasise that insurers expect the ordinary private proposer to provide information only to the best of his knowledge and belief and that he is not normally required to have and display expert knowledge when making his approach to insurers.

Early this year the Law Commission published a working paper (No. 73) on non-disclosure and breach of warranty. The commissioners harked back to the unimplemented recommendation of 1957, criticised the statements of practice principally for their lack of enforcibility, and made a number of proposals for the reform of our insurance law. The commissioners have declared that the duty of disclosure should be retained, but in a modified form, the precise extent of that duty depending on whether or not a proposal form is completed.

The private buyer of insura[...] must normally expected to c[...]plete a proposal form (the pr[...]cipal exception is where [...] arranges cover on his ho[...] through a building society) [...] here the Law Commission [...] that the proposer should *pri[...] facie* be taken to have [...] charged his duty if he suppl[...] "complete and accurate [...]swers" to the material questi[...] asked, or failing such compl[...]ness and accuracy, if he suppl[...] answers to the best of his kn[...]ledge and belief. The Law C[...]mission also suggests that [...] proposer should be under [...] residual duty "not deliberat[...] to conceal facts which he kn[...] to be material and of which [...] has actual knowledge" ever [...] these are outside the ambit [...] the proposal form.

The Law Commission's sugg[...]tions were put forward for [...]cussion and comment before [...] final report is drawn up for [...] Lord Chancellor, and in rec[...] weeks all sections of the ins[...]ance industry, compan[...] Lloyds' underwriters, broke[...] have been giving their vie[...] Perhaps not surprisingly, [...]surers have said that by [...] large they see no need [...] change in the law, which t[...] argue is ameliorated for [...] non-commercial buyer of ins[...]ance by established practice [...] declared in the statements of [...]surance practice.

In the last few days I h[...] had the opportunity of see[...] the comments made by C[...]sumers' Association (the [...]lishers of "Which?") and t[...] radical conclusion on disclos[...] is this: "the basic principle [...] insurance should be that [...] for the insurer to ask [...] insured for all the informa[...] which he finds relevant in o[...] to assess the risk. The duty [...] disclose should be abolished [...] should be replaced with a [...] to ask, imposed on the insur[...]

For the moment at least, [...]ever, that leaves some pract[...] problems facing the ave[...] proposer as he attempts to [...]charge his existing unrefor[...] duty.

Gold is not only for lovers

MINING
PAUL CHEESERIGHT

EVERY TIME an oil producer announces a price rise, heightens the level of uncertainty in the west and prompts a bank to buy an extra few ounces of gold, the value of a replica sovereign bracelet clanking on the wrist of a Yemeni lady gains a few dollars.

At least that is what has been happening over the last few months, and especially over the last few weeks as the bullion price has climbed from $240 an ounce in mid-March to a record London closing of $279.625 yesterday, while international financial institutions paid an average $280.39 for gold auctioned by the International Monetary Fund.

In fact, gold-buying banks are really only doing the same thing as the Yemeni lady. Fake coin manufacture is a traditional Middle East industry—(gold consumption in 1978 for this purpose was 19 tonnes)—and **Consolidated Gold Fields** in its annual review, Gold 1979, said, "In most instances, the replicas are used as a convenient form of gold hoarding."

It is, indeed, the combination of high demand from the gold fabricating industry and the buying of gold for investment at a time of economic and political uncertainty which has pushed the price to the high level seen this week.

But, as Gold 1979 made clear, it is the industrial use of gold which absorbs most of the supplies made available to the market by the mines and the official institutions like the IMF and the U.S. Treasury. Supplies in 1978 were 1,741 tonnes while commercial and industrial demand was 1,552 tonnes.

So the potential gold investor needs to watch the way the gold manufacturers are behaving if he is to maintain the value of his capital. And this comes down to the jewellery market which last year absorbed 1,001 tonnes. The trouble is that the relationship between the gold price and consumer demand in the high street is ill-defined.

"Higher gold prices, in real terms, tend to discourage gold jewellery use and increased real incomes tend to encourage gold jewellery offtake. The point of balance between the volume of gold used and price and income changes is probably a moveable fulcrum," said Gold 1979.

This would suggest that if there is a recession then jewellery demand would fall, thus making more supplies available for investment purposes and at the same time upsetting the presently fine balance between gold supply and demand. As it is, Gold 1979 is doubtful whether the investment market can absorb at prices about $250 an ounce the supplies it thinks will be available this year.

Certainly there is no reason to assume that the bullion price will continue to rise at its recent heady pace and towards the end of this week the market seemed to be running out of steam before rallying to close at $279.625 an ounce. This inevitably had its effect on gold shares, leaving the Gold Mines Index at 201.8 after reaching 208.4 on Wednesday, the highest lyevel for three and a half years.

The firmness of the market has been helped by the level of dividends from the South African mines at the start of a new payments season. Outstandingly, **Hartebeestfontein** in the **Anglo-Transvaal Consolidated** group declared a final of 290 cents (165p), bringing the total for the year to June 30 to 400 cents, compared with 250 cents in 1977-78.

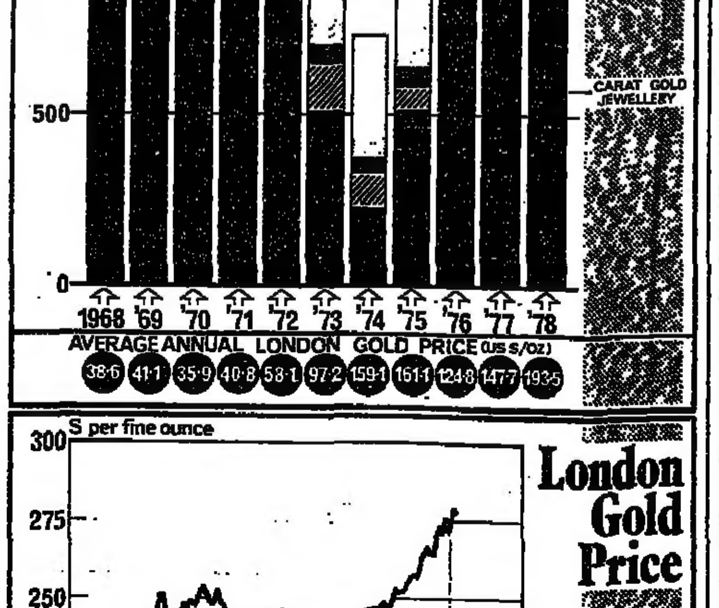
Buffelsfontein, the biggest of the **General Mining** group gold mines, also raised the level of its payments with a final of 120 cents (68p). This brought the total for the year to June 30 to 200 cents against 170 cents in 1977-78.

With raised dividends from the gold mines it was almost inevitable that **Anglo American Corporation**, the biggest of the South African mining finance houses, would increase its annual profits. About a third of its income comes from gold investments. What is more surprising is the scale of the increase.

Net profits before extraordinary items in the year to March were R202m (£115m) against R195m in the previous fifteen months. In the 1977-78 period there were two March quarters and it is these months that Anglo's flow of income is strongest.

Anglo declared a final dividend of 32 cents (18.3p), bringing payments for the year to 46 cents, or 0.75 cents higher than the total for the previous period when three dividends were paid.

The performance of gold this year ensures that Anglo will continue to receive a hefty income from this sector. But the group also makes about another third of its investment income from diamonds, and here the prospects are not so bright, as the market has flattened out since the boom in the first half of 1978. Anglo's industrial interests are very extensive — they are the group's third major source of income. This year they will no doubt feel the pinch as the South African economy responds to the pressures caused by higher energy costs.



Sparks in marks market

INVESTMENT
ERIC SHORT

Rarity is the key: the Kent Fire Insurance Company issued only 300

DO YOU LIVE in an old house which still has an ancient insurance fire mark on the front wall? It could be worth a couple of hundred pounds. For there is now a small but active collectors' market in fire marks and fire plaques, with prices of up to £800 being recorded at auctions.

In an auction held by Phillips, the West End firm in April, when over 200 lots came under the hammer, a top price of £650 was paid for a fire mark of the Glasgow Insurance company. And an Irish one fetched £220. Several others, however, were sold for as little as £15 to £30.

Scarcity is a major determinant of the price a fire mark fetches.

The story of fire marks is the first 200 years history of fire insurance in Britain. Before fire insurance existed, loss by fire meant the poor-house for the unfortunate victim. But it took the Great Fire of London to bring home the need of fire insurance.

When an individual took out fire insurance, the insurer's company's fire mark was fixed to the house, normally at first-floor level out of reach of vandals. It contained the company's identifying symbol and the policy number.

A fire mark fixed to a house served two purposes. Until early in the 19th century, there was no organised system of identifying houses by numbers and street names, particularly in country towns. So the mark literally marked out the insured property.

Secondly, since there was no fire service as we know it today, fire offices had their own fire services. The mark enabled the company's fire brigade to recognise the property as their risk and allowed them the right of entry to put out the fire and to salvage the house contents.

Although fire insurance started in London, there was over the next century a proliferation of fire insurance companies in towns and cities all over the country. Some got absorbed into other insurance groups, most failed to last the course and quietly faded away. And once the collectors became enthusiastic, a market in marks developed with price depending as usual on rarity.

The Sun Insurance Office, now part of the Sun Alliance and London Assurance Group, issued about 1m marks and plates in a period of 100 years. The Kent Fire Insurance Company, founded in 1802 and now absorbed in the Royal Insurance Group, issued about 300 lead marks. But the value is determined by condition, the metal used (lead marks are worth more than alloy marks). Collectors tend to seek the low policy numbers, and a lower number Sun mark commands a higher price because they are much rarer.

The main collectors are the insurance companies themselves, which are building up collections but there is a growing number of individuals.

So if you have a fire mark on your house or one that has long since been confined to the attic, it may be worth quite a sum, especially if the name looks rare. The Fire Mark Circle is producing a new book on fire marks, sponsored by the Commercial Union, but otherwise it is difficult for the layman to identify some of the marks.

Originally the marks were painted, but time has worn off the paint in almost all cases. But one with the original paint is worth a lot more. Phillip Hoare of Phillips says that if one mark was put on top of another as happened when the household changed insurer, the underneath mark could have the original paint. But it seems an act of vandalism to remove a fire mark from an old house.

Needless to say, there are now many forgeries coming on the market and if in doubt or if you want to have a fire mark valued, you can contact either Phillip Hoare at Phillips, 7 Blenheim Street, London W1Y 0AS or the Secretary of the Fire Mark Circle, 99 North End Road, London NW11 7TA.

هكذا من الأصل

YOUR SAVINGS AND INVESTMENTS

EDITED BY EAMONN FINGLETON

Your guide to holiday money: take your cheque book and credit cards—and watch for insurance pitfalls

Sterling TCs take a back seat

CURRENCY

"TAKE STERLING travellers cheques" used to be the unanimous advice from banks and travel agents to tourists going abroad.

Times have changed and now the advice is to take a mixture. You should have enough currency to meet immediate needs; travellers' cheques should where possible be in the currency of the country you are visiting; and you should take your cheque book and cheque guarantee card if you are going to Europe. Credit cards may be handy particularly for travel and hotel bills.

Simply taking sterling travellers' cheques can be expensive. For a start, there is a commission of around 1 per cent payable when you buy the cheques. The rate at which sterling travellers' cheques are converted into cash abroad is slightly worse than the rate offered to people converting currency. As well there are standard government charges on conversion which can range up to 50p per transaction in Scandinavian countries.

But travellers' cheques do have some advantages. They can be cashed at restaurants, hotels and a variety of tourist shops even in the isolated villages in Crete or Turkey—albeit at a rate that is even worse than that offered by banks.

And they can be almost instantly replaced if lost or stolen. In the case of National Westminster travellers' cheques for example, the holidaymaker gets up to £150 immediately by going to the nearest NatWest agent, producing evidence that the theft or loss has been reported to local police, plus his passport and the original purchase agreement.

As far as exchange fluctuations are concerned, bankers and travel agents advise that there is very little point in trying to second-guess foreign currency markets.

Under current exchange control regulations individual holidaymakers can only take out £500 in foreign currency or travellers' cheques and £100 in sterling.

Travellers' cheques can only be bought in the month before you go abroad. The general advice from travel agents is to take them in the currency of the country visited if possible. American Express, for example issue cheques denominated in U.S. dollars, Canadian dollars, sterling, yen, Swiss francs, French francs and Deutschemarks.

Banks in Greece and Italy issue their own travellers cheques but rival banks in the same country are often reluctant to cash them.

Many holidaymakers these days use the *Eurocheque system* to cash cheques at foreign bank branches.

In the case of most banks, the cheque guarantee card doubles as a Eurocheque card. There is a limit of £50 on each cheque and a maximum of £100 that can be obtained each day. There is a fee charged that varies from country to country and bank to bank but the usual figure is the local equivalent of 55p per transaction. So to get the local equivalent of £100 using a Eurocheque card the fee is £1.10.

There is no limit under existing foreign exchange regulations on the amount that can be drawn under the scheme. But the funds have to be used for travel-related costs.

The UK bank manager sees the cheques as they come back for clearance and, if it looks as though the funds have gone directly into paintings or foreign property, he has a duty to make inquiries.

The holidaymaker is tied to local bank hours and has to watch for local bank holidays.

And you are in trouble if you lose either the cheque book or the Eurocheque card. It is not as simple to replace them as it is to get a refund on travellers' cheques.

Credit cards have been used for holidays and travel for many years. The UK domestic bank credit cards are both members of international syndicates—Visa in the case of Barclaycard and Mastercharge in the case of Access. As a result they can be used at millions of retail outlets around the world.

The usual domestic conditions apply to credit card purchases. In other words customers have 25 days *from* the date they receive their bill to pay.

The one difference is that the foreign currency purchase has to be converted into sterling. This is done at the rate ruling on the day the credit card agency in the UK gets the bill. There could, therefore be some exchange losses or gains on the transaction.

Credit cards can also be used to get cash advances of up to £100 a day. A service charge of up to 2½ per cent is often levied as well as the usual cost for obtaining a cash advance.

The general advice from bankers and travel agents is to maximise holiday money flexibility by taking some cash, some travellers' cheques, a Eurocheque card and credit cards. That way, if one system fails there are a number of back ups immediately available.

Reports by Terry Ogg and Eric Short

HOLIDAY SPENDING: YOUR DUTY FREE LIMITS

Figures in brackets show last year's limits where there have been changes.

	GOODS BOUGHT DUTY AND TAX PAID WITHIN THE COMMON MARKET	GOODS BOUGHT OUTSIDE THE COMMON MARKET OR DUTY AND TAX FREE INSIDE
Tobacco goods	300 cigarettes or 150 cigarillos or 75 cigars or 400 grammes of tobacco	200 cigarettes or 100 cigarillos or 50 cigars or 250 grammes of tobacco
Spirits, sherry, etc.	1½ litres of alcoholic drinks over 38.8° proof or 3 litres of alcoholic drinks not over 38.8° proof	1 litre of alcoholic drinks over 38.8° proof or 2 litres of alcoholic drinks not over 38.8 proof
Table wine	4 litres of still table wine (3 litres)	2 litres of still table wine
Perfume	75 grammes	50 grammes
Toilet water	375cc	250 cc
Other goods	£120 worth (£50)	£28 worth (£10)

Don't leave the wine till last

DUTY-FREE

DON'T RELY solely on duty-free shops at airports if you want to make the most of your duty-free allowances. If you are returning from places like France, it may make more sense to make many purchases in ordinary local shops before you get to the airport.

That way, yo[illegible] notoriously high [illegible] charged by airport sh[illegible]. And you may benefit from [illegible] allowances: if you [illegible] purchases in an ordinary shop within the Common Market, your allowance for table wine is from this year four litres compared to only two litres if you buy in a duty-free shop.

The snag is, of course, that you have to pay local VAT and other taxes if you buy in an ordinary shop. But in the case of items like wine and, sometimes, cigarettes, local taxes are low in many Common Market countries.

Where you have a choice between different goods in a particular category, you can [illegible] up your [illegible] by mixing them. In the tobacco category, for instance, you can take half the allowance of cigars plus half the allowance for cigarettes.

Why you still need a green card

MOTORING

MOTORISTS ARE no longer legally required to have a green card in many parts of Europe—but in most cases it is still a good idea.

Since 1974, British motor insurance policies have automatically covered motorists for the minimum insurance they need by law in all the Common Market countries plus Austria, Czechoslovakia, East Germany, Finland, Hungary, Norway, Sweden and Switzerland.

But if you rely solely on this cover you may be heavily out-of-pocket: in many countries the minimum cover needed by law is only for injuries to third parties. You may be liable for damage not only to your own car but to others. And, of course, you will have no cover for fire and theft.

A green card is still needed if you want to maintain the same level of cover abroad as you enjoy at home. The cost is between £10 and £25 for a typical family car.

In countries where a green card is still a legal requirement, the level of cover you get may be less than you get at home.

What do you do if the car is a write-off or if it will take some time to repair? You usually cannot afford to prolong your holiday; so you have to get home under your own steam.

Most good green card insurance contracts cover the cost of flying you and your family home. They should also cover the costs of having the car returned to you once repairs have been completed. The insurance should also cover the risk that you may not be able to drive the car back because of illness.

The AA's Five-Star plan is an example of comprehensive cover needed to meet those extra costs arising from an accident overseas.

Since prevention is better than cure, it is advisable to carry a set of spare parts. This would facilitate any repairs needed to your car, especially if you break down in a remote area.

Otherwise spares may have to be sent for and this will involve considerable delay.

Such items as plugs, points, fuses, bulbs are obvious essentials. But the most convenient idea is to use the AA "Hire a spare kit scheme."

[S]ort out, [st]eerage [c]ome

STRIKES

[THE] POSITIVE result of last [year]'s airport chaos caused by French air controllers industrial action was that the package [holi]day industry introduced a [ra]nge of insurance schemes [agai]nst delays. Benefits usually [wor]k out at between £10 and [£20] per passenger per day of [dela]y.

But there are major drawbacks:

- Most schemes cover only outward flights from Britain.
- There is no compensation if the delay is less than 24 hours. (About 90 per cent of travellers caught in last year's excruciating delays were held up for less than 24 hours.)
- Most schemes provide no cover beyond the first three or four days.

The J. Perry insurance broking firm has, however, a scheme which covers delays both at home and abroad exceeding six hours with compensation of £20 a day. And after 24 hours holidaymakers on outward flights have the right to scrap the holiday and claim a refund of the total cost up to a maximum of £500.

The scheme is an optional extra which can be added to Perry's basic Travelsurance scheme for package holidays. The extra premium is £2.25.

[P]ack a form [o]r take [c]over

HEALTH

[IF] YOU fall sick while holidaying in the EEC, make sure you [hav]e form E111 in your pocket [whe]n you go into the operating [the]atre.

[O]therwise you may have to [pay] for the cost of the [trea]tment.

[Yo]ur membership of the [Com]mon Market means that [any]one entitled to free treatment under the British National Health Service gets a similar deal in other parts of the Community. Form E111's function is to certify that you are a fully paid-up member of the NHS.

Leaflet SA 28 from the Department of Health deals with medical treatment in EEC countries. It contains an application form for the E111 certificate of entitlement, which is issued from Newcastle upon Tyne. Production of this certificate will get you immediate medical attention.

Leaflet SA 30 deals with medical treatment in other countries. Outside the EEC, your entitlements vary from country to country. In many countries the Department of Health has negotiated reciprocal agreements for treatment—so that you get the same deal from the State health service as a national of the country.

Even if you get to a State hospital, the staff may not know of the arrangements. So you may well find that you have to pay before you can get treatment. *But you can claim* expenses from the DHSS on your return to the UK provided you get the hospital to fill out a special *form* which you must get before you go on holiday.

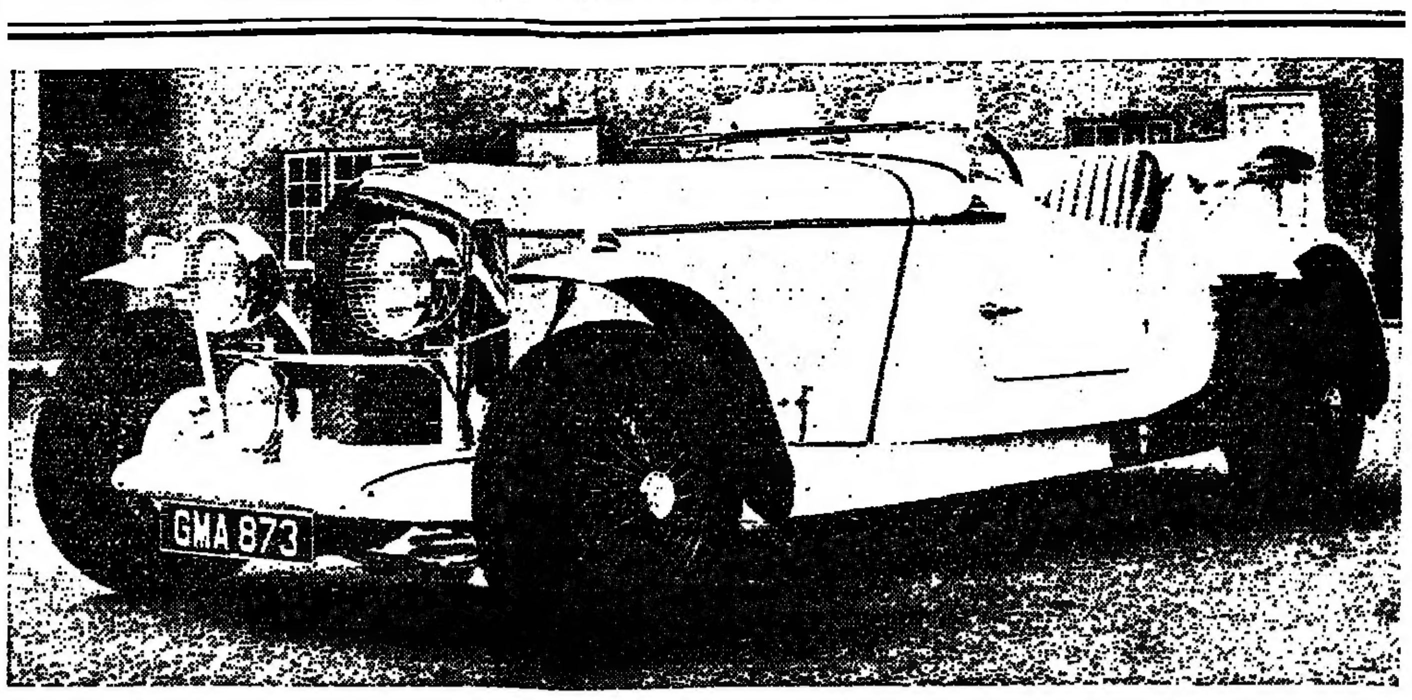
If you do not want to carry large amounts of cash or if you do not have instant access to a bank overdraft while abroad, it will probably be worthwhile to take out insurance to tide you over the cash-flow problems of illness abroad. Health benefits are included in the AA's Five-Star motoring insurance package. British United Provident Association has a holiday medical insurance scheme. Most good package holiday arrangements include medical cover.

If you fall sick and need treatment what happens to the rest of the family? They may have to extend the holiday. They may return to the UK and wish to come back to visit you. You may need to return to the UK as soon as you are fit enough to travel. All this involves extra expenses that good insurance contracts should cover.

J. Perry and Company, leading travel insurance specialists, have a scheme which provides a flying ambulance service which brings clients back to the UK as soon as possible, if necessary to continue treatment here.

For further information on reciprocal health arrangements write to DHSS Leaflet Unit, PO Box 21, Stanmore, Middlesex, specifying that you want SA 28 and SA 30.

MOTORING



Mallalieu Barchetta

Beauty out of a banger

BY STUART MARSHALL

FIRST, you need a Bentley banger. If the term is offensive, let me put it another way. You need an early post-war Bentley Mk. VI that has fallen into decrepitude and is all set for the knacker's yard.

There are, it seems, plenty of them about. Total production was in the region of 7,000 and more than half of them survive. The going rate is from £250 for a really awful specimen up to £1,500 for what a bomb site dealer might optimistically call "clean and a good runner."

Then, Bentley in hand (or more likely on a trailer) you go to Wootton, a village outside Abingdon. And there a small band of craftsmen of the kind that most people believe don't exist any more will turn the sad remnants of a once great motor car into a Mallalieu Barchetta or Oxford. (If you don't have a Bentley banger, Mallalieu will provide one from a small stock of ravaged components and precious original log books they keep on the premises).

Then the waiting starts. To produce a Mallalieu from what is often little more than a pile of junk takes months rather than weeks.

The body is removed and thrown away. The engine, transmission, suspension, brakes, steering and electrics are removed until the chassis frame, which looks like the undercarriage of a small but sturdy shunting locomotive, stands nakedly in the workshop. All the mechanical and electrical components are stripped down, literally to the last tiny bolt and locking washer. They are then rebuilt until they are exactly as new.

At the outset, you will have specified whether you wanted a two-plus-two or full four-seat open tourer (the Barchetta) or a strictly two-seat Oxford. There is none of that glass window nonsense about either car. They have traditional hoods and flexible sidescreens though the love of tradition is not taken to excess. The heater, I was delighted to discover when I tried a Mallalieu earlier this week, is retained. It fought an effective fight against the draughts that, inevitably, crept past the side curtains.

During the construction of your motor car you will have visited the works several times, much as one did when visiting one's tailor. (Perhaps Barchetta owners still do. Most of the people I know are now dressed by the blessed St. Michael.) You will have made sure that your little whims were being catered for, that the hood was high enough to clear your head when sitting erect, wearing a bowler hat if needs be. And finally, after several fittings, your car will be ready. It will have cost you £25,000 for a Barchetta, £28,000 for an Oxford, and you will have joined a most exclusive club. Only 27 Mallalieus have been built. Current output is two a month and it will reach its ultimate three a month next year.

Mallalieus are not copies of pre-1931 Bentleys. Nor are they pastiches, with 1930-ish bodywork concealing 1979, off-the-shelf mechanics. They are 30-year-old Bentleys, not much modified mechanically but restored to the bloom of youth, and rebodied with exquisitely constructed Mallalieu coachwork. An analogy would be an Elizabethan farmhouse, rescued from demolition by a sensitive developer, and reconstructed from cellar to roof peak without loss of character but with modern plumbing.

Because they are basically 30-year-old cars, they are not subject to the full weight of contemporary safety and environmental legislation. They do not have to be crash tested; those sent to the U.S. do not need to comply with exhaust emission standards. When I got behind the polished wood wheel of a left-hand drive Barchetta I looked around for the seat belts. It had none of those, either. Only cars made within the last 25 years need them.

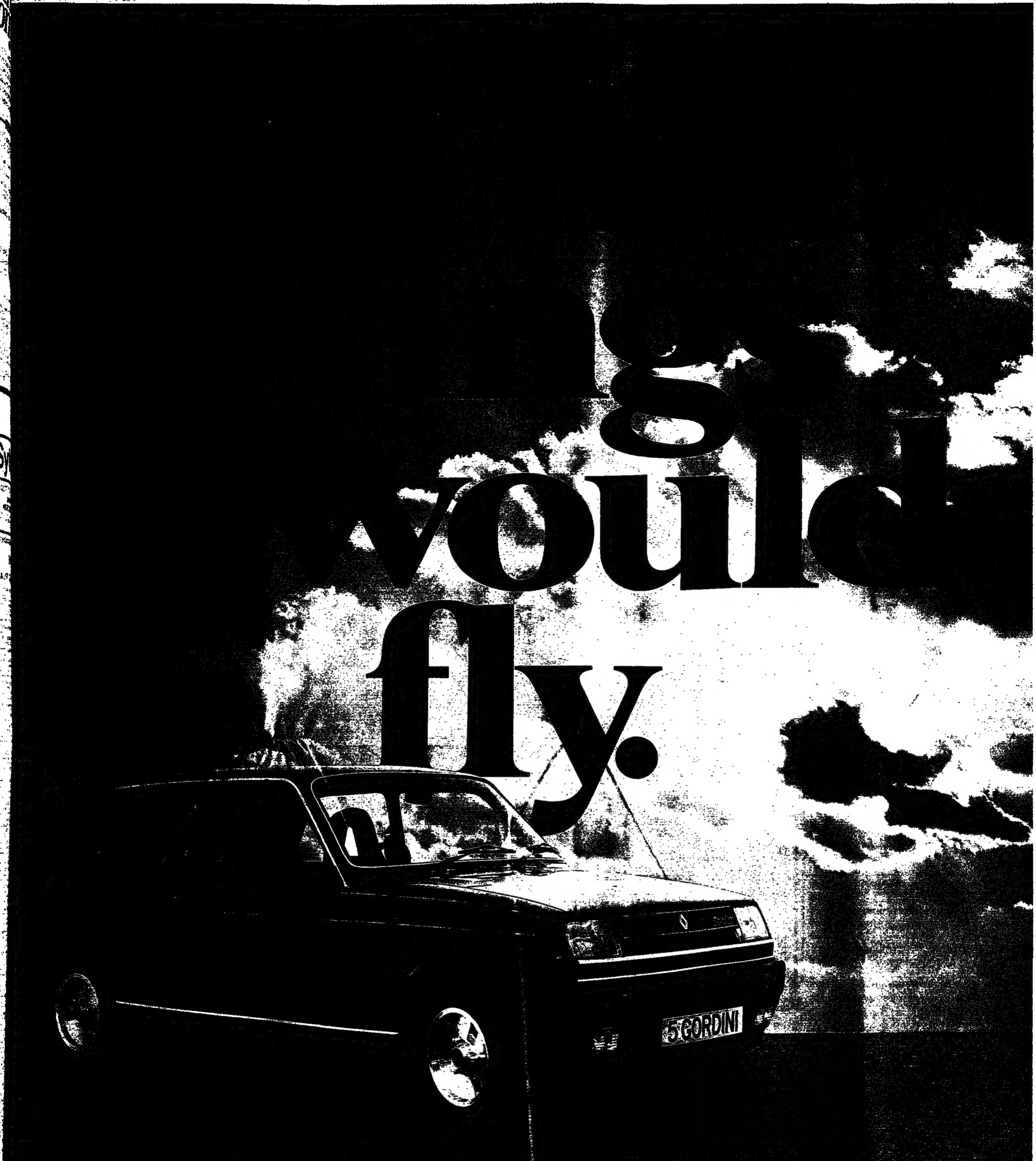
The six-cylinder, 4½-litre engine fired up obediently at the touch of the starter button, I moved off in second and, following the advice of Mallalieu engineering consultant, A. F. Rivers Fletcher, slid into top at 20 mph. Rivers Fletcher, veteran racing driver and former Bentley apprentice, personally tests every Mallalieu car for 1,000 miles before passing it for sale to the customer.

The cheap tin cars of hurrying sales reps. flashed by as I made my way up the A40 at a dignified 50 mph, getting the feel of the surprisingly light steering and realising that the only thing you could see in the central mirror was the hood bag. I soon caught them up on the M40, though. The Barchetta settled down to a stately but far from sluggish cruising rate.

Top speed is just about 100 mph, Mallalieu claim, and the 13-14 mpg fuel consumption gives a range per tankful of around 250 miles. The brakes are powerful, the gearshift light but leisurely. Not that one needs to change gear often. One of the delights of the old Bentley straight-six is its flexibility. From a tick-over of 350 rpm you can floor the throttle in top gear and pull away as though propelled by an electric motor.

Mallalieu owners are a mixed bunch though basically they are extroverts with a genuine affection for fine machinery. Several are women which, at the risk of being called chauvinist, surprises me. Some owners tour the Continent in their Mallalieus but even the makers wouldn't put them forward as top executive transport. On the motorway, one is really more aware of their deficiencies than their delights. But in the country lanes, hood down, with nothing to keep out the sun and smell of new-mown hay, a Mallalieu brings back the days when motoring was the preserve of the quality and the rest of us saved up hard to buy second-hand pushbikes.

REGISTRATION MARKS



The new Renault 5 Gordini takes off like a jet down a runway. 0–60 in 10.7 seconds‡.

It has the top speed of a big engined car: 110mph†.

And the petrol consumption of a small engined car: 50mpg* at a steady 56mph.

It has a 1400cc engine with five gears to make you go forward.

And enough special features to make other cars seem almost backward.

It looks like it was built for nothing short of the Monte Carlo Rally. Yet the last thing it's short on is comfort.

It has body hugging front seats with head restraints, rev counter, digital clock, and racing steering wheel.

A laminated windscreen, tinted windows and heated rear window with wash/wipe.

It has alloy wheels, a twin choke Weber carburettor and a front spoiler with foglights and halogen headlights.

It comes in black, blue silver, or sand complete with Gordini coachlines.

And if it had wings, then it would probably fly.

†Manufacturer's figures. ‡Autosport figures.

RENAULT 5 GORDINI. £4,149.

tment of Energy tests Simulated urban cycle, 26.4 mpg, 10.7 litres/100 km; constant 56 mph, 50.4 mpg, 5.6 litres/100 km; constant 75 mph, 35.3 mpg, 8.0 litres/100 km. Price (correct at time of going to press) includes Car Tax, 8% VAT and seat belts. Delivery and number plates extra. For a brochure, write to Renault UK Ltd., PO Box 2, London W3. Ask any of our 435 dealers about low rate Renault Loan and Insurance Plans. West End Showroom, 77 St. Martin's Lane, WC2. Renault recommend elf lubricants

TRAVEL

English gardens

BY SYLVIE NICKELS

WORDSWORTH would have been pleased with the gardens of Wilcote Manor near Charlbury, Oxon. An indisputable host of golden (and paler) daffodils fluttered and danced in the chilly May breeze as we rounded the corner of the handsome, colour-washed early Elizabethan building. It was a spur-of-the-moment decision to go there. We like gardens, it was within 15 miles of home, the latest edition of the National Garden Scheme's guide showed that it was open to the public that very week-end, and 1979, after all, is "The Year of the Garden."

The aim of this English Tourist Board promotion is to highlight an important national asset, not only to us, the natives, but to overseas visitors, most of whom are already aware that we are slightly obsessed with growing things anyway. A lot of likely and unlikely organisations are co-operating in the promotion. The Post Office has already produced four special flower stamps. Wilkinson Sword are offering special awards in four categories to those gardens which have done most to encourage visitors during 1979.

The Victoria and Albert Museum in London has a splendid major exhibition until *August 26 devoted to the theme* of the last 1,000 years of British gardening. The British Museum is concentrating on flower themes depicted by the graphic arts from East and West until September 9. Derry and Toms has opened its lovely two-acre roof garden high above the London traffic. Selfridges in Oxford Street is featuring planted-out areas, equipment, garden furniture and an information desk.

For an overall picture of what The Year of the Garden is all about, you should examine the 48 splendidly illustrated pages of the English Tourist Board's publication *Visit an English Garden* (50p plus 15p p and p), with a free touring map guide. This features about 90 of the better known properties that are open with reasonable frequency, dividing them into the seasons in which they can be seen to best advantage, from the luminous blooming of bulbous and woodland plants in the south and west in spring to the bronze and gold and crimson of autumn flowers and leaves all over the country. A calendar of main events is included, as is a survey of garden tours with the firms arranging them. Regional tourist boards are also listed.

This, however, by no means exhausts the possibilities. Some 2,000 English gardens are *annually open to the public,* from periods ranging from one day to all the year. Over 1,250 of them are listed in *Gardens Open to the Public in England and Wales* (50p plus 15p p and p), published by the National Gardens Scheme.

Windsor

About 350 are listed in *Gardens to Visit* (25p plus 10p p and p) published by The Gardeners' Sunday Organisation, many of which are open on some other days, too. The money raised by both these go to excellent causes and I approve in both cases of the clear indication of properties suitable for wheelchairs. It is important to note that these are all private gardens, many on quite a small scale, but all lovingly cared for and usually providing an opportunity to chat with the owners who have done the caring. The National Trust and the Countryside Commission are among other major organisations with relevant publications on gardens within their orbit.

Other 1979 promotions come from regional organisations and tourist boards. A *Festival of West Country Gardens,* for example, continues until 8th July, with events including an open air production of *Romeo and Juliet* in the water garden of Sheldon Manor, Chippenham, Wiltshire, on June 21-23. Almost coincidentally, Durham Cathedral is holding a Festival of Flowers. A Thames and Chilterns Tourist Board leaflet gives details of famous gardens in their area.

The Physick Garden at The Manor House, Chenies, Bucks., is open two afternoons a week until October, with its collection of plants used in present-day medicine, as well as culinary herbs. "Herbs from the Hoo," at 46, Church Street, Buckden, Cambs., is a series of day courses until September in a country garden; learning about herbs and their many uses (£9 per day including refreshments, lunch and all materials used).

Doddington Hall, Lincoln, has a 4-week exhibition of contemporary needlework and tapestry on the English house-and-garden theme in August.

Let us not, however, be too nationalistic in this English Garden Year. One of my great garden memories comes from Inverewe on the Scottish West Coast, an oasis of some of the world's most exotic plants and trees overlooked by the barren, beautiful hills of Torridon. It is one of a number in the care of the National Trust for Scotland, and a great many others are described in *Scotland's Gardens* published by Scotland's Gardens Scheme (40p plus 15p p + p). Details of some of those of Wales are given in the Welth Tourist Board's free booklet *Historic Houses and Gardens in Wales.*

● *Addresses for publications:* "Visit an English Garden" guide, Hendon Road, Sunderland SR9 9XZ; National Gardens Scheme, 57, Lower Belgrave Street, London SW1W 0LR; Gardeners' Sunday, White Witches, Claygate Road, Dorking, Surrey; Scotland's Garden Scheme, 26, Castle Terrace, Edinburgh EH1 2EL; Wales Tourist Board, P.O. Box 151, WDO, Cardiff CF5 1XS.

Rushing waters

FISHING

JOHN CHERRINGTON

APPALLING WEATHER over the Spring Bank Holiday turned the Wye into a raging chocolate coloured torrent and effectively put the lid on a couple of days fishing I had been promising myself. This was a great pity as I had heard a rumour of a few *more fish appearing. Perhaps the* worst is over and that catches, or at least the possibility of catches, should rise once more.

However, the Test turned up trumps for a change and in the most surprising conditions, too. On Bank Holiday Saturday I could stand the great indoors no longer and took to the river. Conditions were horrible, a howling southerly, leaden water and no sign of a fly or a fish. As I walked up the bank a sudden storm drove me to shelter and when it was over a great change developed. Not in the wind or in water colour but in a hatch of fly.

Where 10 minutes before there had been nothing at all there was an increasing cover of hatching flies, looking like lilliputlian yachts in a never ending regatta as they slid down the current. They were mostly Iron Blues. Not being an entomologist I cannot identify them more accurately, and why they chose this unpropitious time to appear I cannot say.

As soon as they appeared, down came the swifts and swallows reaping a harvest close to the water. These birds are the best indication of a hatch there is. Also a few fish began to show. Most of them were grayling or small trout, but there did seem to be one or two bigger ones in the middle of a wider stretch. Such was the strength of the wind though that I could not lay a fly anywhere near them.

Eventually I found one under the bank on my side, a classical constant riser, taking in a steady supply of flies. I am not a great believer in absolute copy patterns and with one of my sons who had just joined me tried a variety of small flies without result. At last at the bottom of my box I found a very tatty iron blue, my son put it on, the fish took it at once and a 2 lb brown trout was in the net. Thus my notion that a constantly rising fish will take any well presented fly as long as it was roughly of the size of the natural was knocked for six.

Although the day grew wilder, the fly kept coming. But we found no more bankers. There were several fish showing well in some rough water in mid stream. These proved hard to catch as it was almost impossible to control the drag on the fly. At length I hooked the one that *appeared to be the biggest but* he no more than kissed the fly and left me empty handed.

With the wind blowing against the river, the surface was very choppy and it was impossible to see what the fly was doing, and yet finally I did take a fish. Whether it was the one I had been casting at for the last half hour I don't know.

Then I retired chilled but triumphant.

Bank Holiday Monday was much the same, and so unpromising that I saw no other rods on the water. Sure enough in mid-afternoon there was a massive hatch of fly, iron blues and a good scattering of Mayfly. But no fish were rising at all. In these circumstances it is always well worth examining the piles supporting the footbridges. Trout like to lie just in front of these and sure enough I saw one taking fly rather spasmodically.

This can be tricky fishing as one has to cast across and make sure the fly does not drag. A straight line is useless, much better a sort of untidy fly on the water so that the fly floats *naturally for a second or two.* I was pleased that he took me the first time the fly naturally floated but he immediately took off downstream under the bridge.

I am getting old and stiff and the antics necessary to pass a rod under the bridge were not inviting so I put into practice a trick a Scots Ghillie taught me years ago. He could always tow a salmon to the bank by pulling the fish directly towards him like a dog on a lead. This worked well, although once in the net the fly dropped out and perhaps I did not deserve my luck.

For the rest of the afternoon I was simply frustrated. No constant risers, just a few cruising fish rising spasmodically probably at one of the many Mayfly. Mayfly have been so scarce on the river for the past 20 years that the fish probably did not know what they were. It was nonetheless a good start to a late season.

TRAVEL

HOTELS

Your week-end £: Austria 28.70, Belgium 65.0, French 9.02, Italy 1,730, Greece 74.50, Spain 133.50, Switzerland 3.54, U.S. 2.06. Source: Thomas Cook.

HOLIDAY ACCOMMODATION

EDUCATIONAL

PUBLIC NOTICES

HAMPSHIRE COUNTY COUNCIL. Issued 6 June 1979 £5m Bills due 4 July @ 11⅝%. Applications £40m. Total outstanding £41.5m.

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published in an eight-page format on the following dates in the remainder of 1979:

June	12	October	15
July	9	November	12
August	13	December	10
September	10		

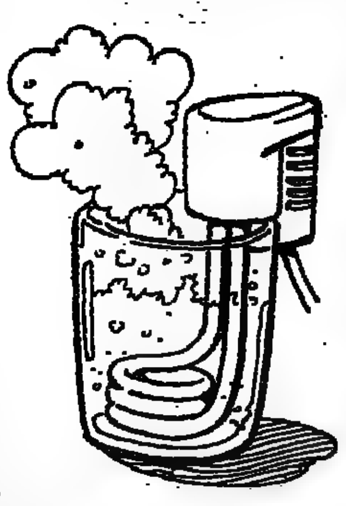
There is a limited amount of advertising space available each month; if your company is interested in taking advantage of this offer please contact:

The Financial Advertisement Department on 01-248 8000 Ext. 424 or 7008

HOW TO SPEND IT

by Lucia van der Post

Timely tips for travellers



There are at least a couple of mini-boilers on the market — the one sketched here is by Pifco and it works on a universal voltage. It must only be turned on when plunged in liquid and it will then boil the water in about *3 minutes if on a 240-volt supply or about 15 minutes if on a 120-volt supply. £4.45 (p+p 30p) from* Selfridges of Oxford Street, London, W.1.

Fittall of Larne, Northern Ireland, find themselves in the happy position of being the only British manufacturer to make international adaptors as most other manufacturers seem to have given up in the face of the complexity of the matter. Fittall's set of adaptors can cope with any voltage between 110 volts and 220-230 and with a bayonet, screw, round or square-pin fitting. If you're really stuck, they'll work off a light fitting. This should take you through America, Europe, Australia and Britain. The set costs £3.10 (p+p) 16p) from Selfridges of Oxford Street, London W1; Hill's London and Airport shops as well as most Ronson Products Service Centres.

I'VE NEVER understood how it is that all those beauties passing through Heathrow are photographed looking impeccably beautiful and unrumpled in spite of having spent hours on a plane and usually having passed through a severe climatic change or two on the way as well. Could the camera, possibly, be lying? Do they have special changing-rooms for VIPs between the plane and the arrivals lounge? Or is there just some magic secret I haven't yet discovered?

Some of the keys to successful travelling are obvious — but they're also impossible to follow. Take as little as possible, say the guides. Yes, but if you need clothes for all the usual activities (eating in reasonable restaurants, walking, whether in the country or city, sunbathing or lolling about) then you need several changes of shoes, a jacket, a sweater, a raincoat, some smart dresses, some trousers for walking, and so the list goes on and on. If, further you are afflicted like my own family with a deep fear of being stranded for either five minutes or five days with nothing to read your baggage will be even more weighed down with mountains of paperbacks.

Obviously carefully co-ordinated wardrobes do help cut down the amount to be packed enormously—if, for instance, you only wear navy and cream, then you just need navy walking shoes and sandals and they should take you almost anywhere. But does anybody want to wear only navy and cream? Equally if you can choose clothes in uncrushable fabrics then you can do without tissue paper and can cram them into all the nooks and crannies and they'll emerge looking fine. This is lovely in theory but in practice I don't often find uncrushable clothes that I want to wear—fine jersey is lovely but not everyday for a fortnight. Cotton and silk are the nicest fabrics for travelling and for hot places and they both need ironing to look their best. I'd rather take along a travelling iron myself (so I've featured one elsewhere on the page).

I've had two disastrous experiences with my baggage ending up at quite different destinations from myself and so now I always take as large a bag as the airlines allow into the cabin itself—into it goes the aforementioned books, cosmetics and washing things, a change of blouse and underwear.

If you are in need of a new piece of cabin baggage, Samsonite have brought out a useful leaflet which has photographs of all their new luggage range. It gives measurements and also indicates those of the range which comply with airline regulations for cabin baggage (it should not measure more than 18 in by 14 in by 6 in). Most department stores and luggage shops will give you a copy.

Samsonite have also introduced wheels into several more of their suitcases—these wheels are not retractable but are permanent, though they are set deeply into the suitcase and only just protrude enough for easy wheeling. It seems to me a more practical idea than carrying a luggage trolley. However, if you are likely to need to wheel more than one suitcase about a trolley is the only answer—the Kart-a-bag seems a good set with good wheels and tough elastic straps. £25 (£1 p and p) from Sylvia's, of 25, Beauchamp Place, London, SW3, or from Harrods of Knightsbridge.

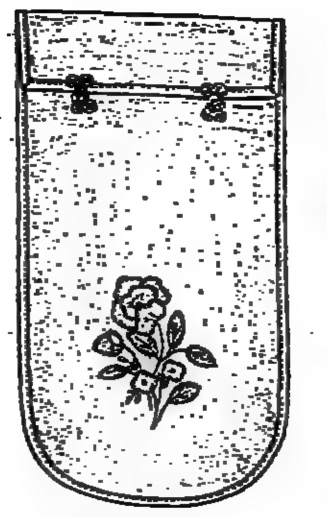
If you have the sort of suitcase that may fall apart at any moment or that you would like to be able to identify quickly then there's a very smart webbing luggage strap which looks rather like a schoolboy's wide belt and comes in strong colours which should help with either problem—it is £2.99 from Bentalls of Kingston-upon-Thames, Ealing, Worthing, Bracknell and Mary Lee of Tunbridge Wells (p+p 40p).

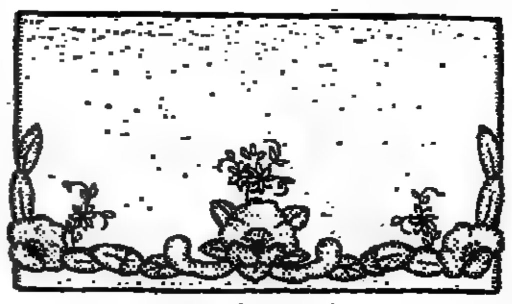
If like most of us you always mysteriously come back with more than you set out with, then a good buy would be one of the bags that fold away to nothing but expand to cope with an emergency. The cheapest I've come across is the Pocket Pack-It (£1.99 from Woolworth). Made from nylon it measures 7 inches by 4 inches when folded away and it weighs just 3 oz empty. Once unzipped from its pocket it can open out to 16½ inches by 15 inches. Another much classier version of the same idea is shown sketched below.

If you're going to any district likely to be troubled with mosquitoes then you can either try one of the many insect-repellant ointments around (personally I've found them very boring to apply nightly) or buy the Mosiquit which is an electronic device for keeping the pests at bay. It runs on a small 9-volt dry battery and it operates by emitting a light high-pitched noise (which you may or may not find less irritating than being bitten) and to which the mosquito does not take kindly. Blacks Camping and Leisure, 53-54 Rathbone Place, London W1, sell them for £9.95 (p+p 15p).

Electric gadgets probably cause more difficulties when travelling than almost anything else. Electrical wiring systems seem to have no conformity or consistency to them. In large or smart hotels you can nearly always borrow either an adaptor or an actual hairdrier. If you're staying in a villa or an unsmart hotel try to find out the voltage and frequency before you go—if the voltage is between 220 and 240 volts you'll be quite safe to use British appliances, though almost always the plug won't fit the socket.

For more comprehensive advice the Electricity Council has prepared a leaflet called "Travellers' guide to the use of electrical appliances abroad." They'll send a copy if you write to: Overseas Section, The Electricity Council, 30 Millbank, London SW1P 4RD.



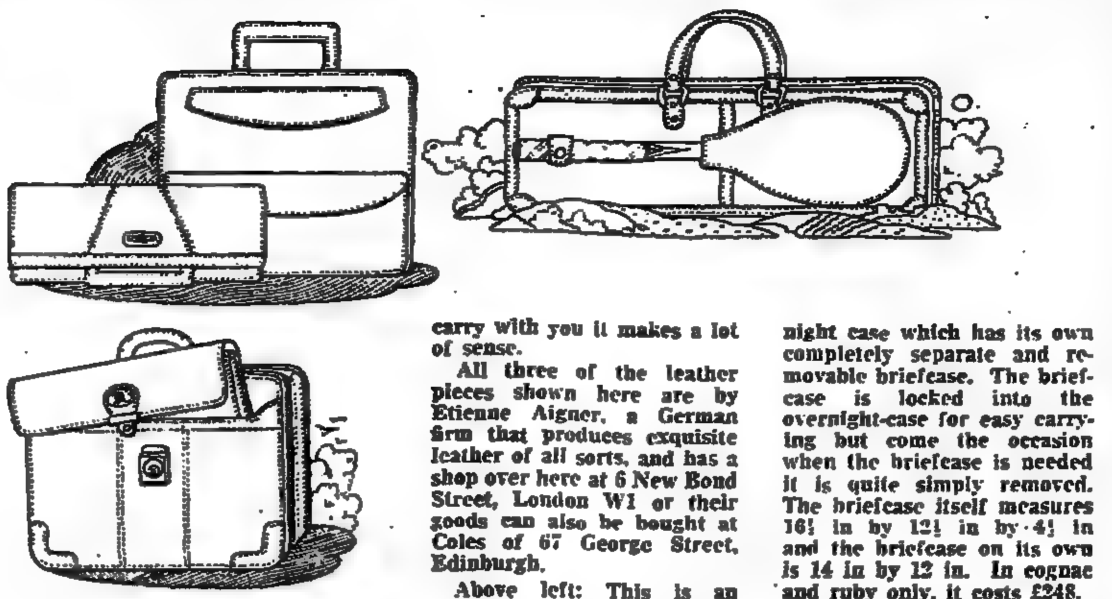


Drawings by Jan Wheeler

In our grandparents' day shoebags and handkerchief sachets were very much a part of the travelling scene. I'm not sure who uses them today but they make perfect sense—after all, shoe heels have quite sharp edges, handkerchiefs are easier to find if all together. The shoebags are £1.50 each, the handkerchief sachets, 90p from Over The Road, 4 Elgin Crescent, London, W11 (p&p 10p).

I've featured Rowenta's travelling iron before but as it's the best of its kind I've come across it seems worth showing it again now. It is the only one that is approved by the electrical industry's watchdog. It is very light (1½ lbs), has a folding handle and a wattage of 1200. The body is of polished chrome with three dot temperature controls. It has a full-sized plate and is about £10.50. It is widely available—in particular it can be found at Harrods, branches of Curry's, Boots, Selfridges, Lewis department stores and Debenhams.

Above: Pakamacs are busy acquiring a sort of inverted chic and though I never much like the feel of them (I always feel clammy inside them) they are undoubtedly exceedingly useful for the traveller and they now come in lovely pastel colours. They also come in all sorts of shapes and sizes. This anorak shape, in see-through pale pink, is £7.50 from Harrods. Chelsea Girl branches have a good selection as well. The seams are electronically welded to make it completely waterproof.



Drawings by Anne Morrow

This is strictly the luxury corner but although all three of the leather bags shown here are undoubtedly expensive they are all made of absolutely exquisite leather and if you travel a great deal it sems to me to be well worth investing in some really beautiful piece of luggage. I'm not sure that I'd spend a great deal on baggage that had to be consigned to the vagaries of the conveyor-belt but if you restrict your luxury spending to bags that you can carry with you it makes a lot of sense.

All three of the leather pieces shown here are by Etienne Aigner, a German firm that produces exquisite leather of all sorts, and has a shop over here at 6 New Bond Street, London W1 or their goods can also be bought at Coles of 67 George Street, Edinburgh.

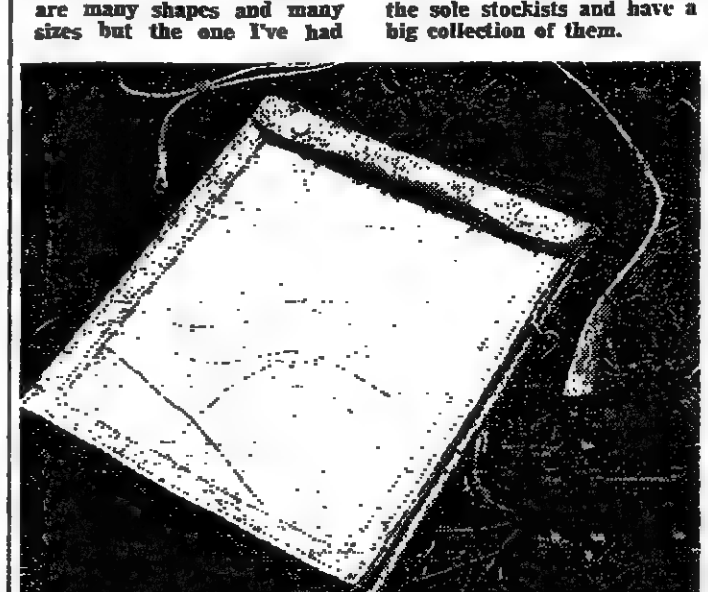
Above left: This is an exquisite handbag-cum-briefcase. If you are travelling, possibly on business, and need a slim neat clutchbag for social occasions but a briefcase for meetings, then this beautifully made bag will do for both events. As a basic clutch bag it folds up to measure 12½ ins by 6¼ ins but it can open out to take papers and then measures 12½ ins by 12 ins to the top of the briefcase (not including the handle). It has lots of lovely pockets and zips and is £83.00. It comes in cognac, rum, natural and burgundy.

Bottom left: A man's overnight case which has its own completely separate and removable briefcase. The briefcase is locked into the overnight-case for easy carrying but come the occasion when the briefcase is needed it is quite simply removed. The briefcase itself measures 16½ in by 12½ in by 4½ in and the briefcase on its own is 14 in by 12 in. In cognac and ruby only, it costs £248.

Above: Now that so many businessmen have become so concerned about their health and a quick visit to the tennis-court or golf course is part of their weekly routine, perhaps it makes sense to produce a really fine leather overnight bag which also houses a tennis racquet. The bag is so exquisitely made that it's almost worth buying even if you don't play tennis—certainly if I were Connors or Borg this is how I'd want to transport my gear. In burgundy, natural or rum, the bag measures 28½ in by 12 in by 3 in and is £190.50.

If you've ever been stuck in a stifling coach or had to sit in airless heat in hot airports then you'll know just how comforting a small battery-operated fan can be. They're nothing like as pretty as the old-fashioned fans but they're more effective. This one is tiny, only 4½ inches by 1 inch; so it would fit easily into a handbag. £2.50 (p+p 20p) from Selfridges of Oxford Street, London, W1.

A very exciting new range of luggage called Le Sportsac, is all the rage in America and is just on sale here. It is made from parachute material and nylon. It is light, very strong and, of course, totally waterproof and it can either be wiped clean or hand-washed or, if you're lazy, sent to the dry-cleaners. What I like best about the collection is its versatility and its effortless air of casual chic. There are many shapes and many sizes but the one I've had sketched here comes in its own little zipped pouch which measures 10½ ins by 8½ ins—so it takes up almost no room to pack. When you want to use it you unzip it and sling it casually over your shoulder—it then measures 25½ ins by 9½ ins by 17 ins. Colours are gold, silver, blue, maroon or sunny beige. Price for the version shown is £29.00 (p+p 55p) and most pieces are about that price. Harrods are the sole stockists and have a big collection of them.



Partridge and Co. are based in Lincolnshire and produce high-quality leather-goods which are all made from British leather and uses British workmanship. I wouldn't feel able to support them just for being British but it so happens that I like what they make. Ramblers, walkers and other holiday-makers ought to welcome particularly their newest item—a map case which enables you to hold the map you currently need safe from the hazards of the weather and yet still visible for easy consulting. The case is of natural tan hide, the front cover is of Perspex; there's a leather pocket at the back and a long adjustable leather strap. It measures 10 in by 11½ in and costs £18 from Harrods of Knightsbridge (p+p £1.35); also available from Edward Stanford, 12 Long Acre, London WC2, Lindy Lou of 93 East Street, Chichester, Sussex, and W. G. Hayes and Son, 6 Dyer Street, Cirencester.

PROPERTY

A quiet place to retreat

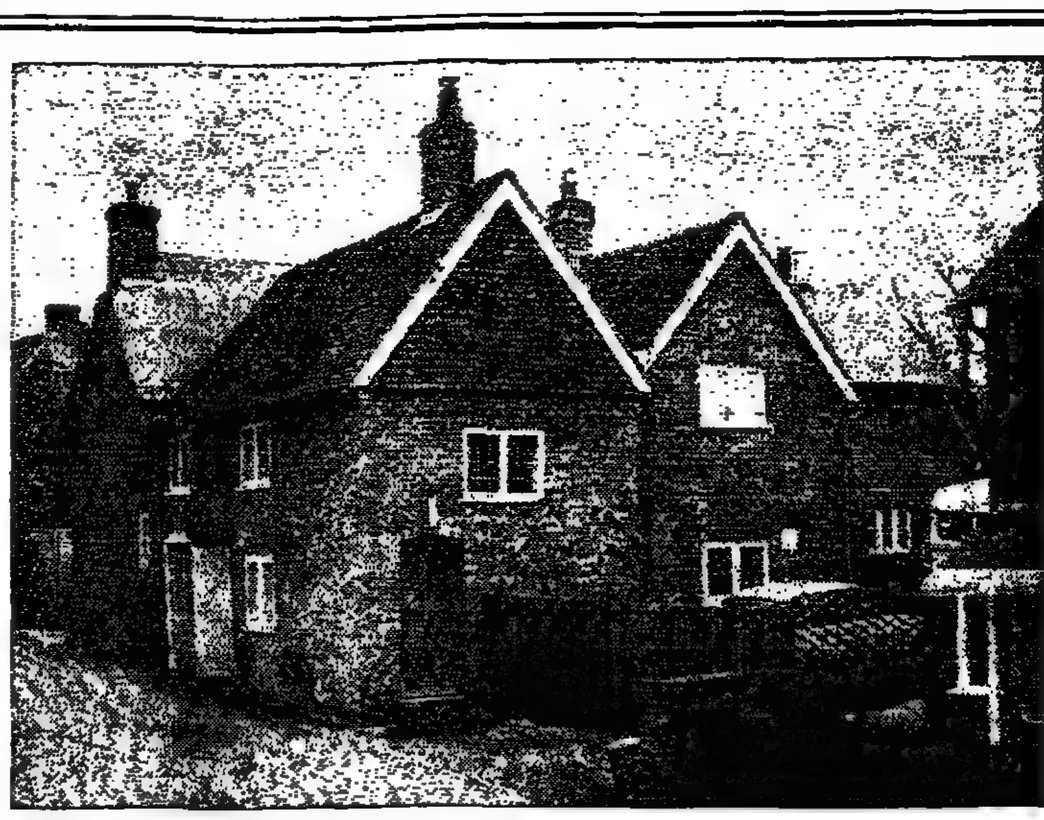
BY JUNE FIELD

THE SEARCH for weekend cottages goes on, although it is not too easy to find estate agents that are open at weekends. "There is no demand," claims one Sussex agent I spoke to. I wish that he had seen the number of frustrated would-be viewers, presumably prospective purchasers, rattling his door during the last two Bank Holiday weekends, even though a notice proudly proclaimed that the office was closed from the Friday evening to the Tuesday morning.

One useful aid to after-hours contact is the advertising of evening and weekend telephone numbers, which has become more popular over the last couple of years, although some people feel under an obligation if they have to disturb someone at home. A 24-hour answering service really doesn't help if you suddenly find that you want to look at a place in unsociable hours. And with the current petrol difficulties you don't really want to have to make another journey.

While it is obvious that over the whole country there must be quite a few agents that I don't know of, who do provide a weekend viewing service for the convenience of families and business people, I can only quote a few of those I have personally heard of. (And do please check all the times first before you go, because personal and other circumstances can mean a change of plan for even the most willing of estate agents.)

In West Sussex, Andrews and Partners, 14a, Chapel Road, Worthing, say that they are open Saturday all day. Michael Vickers and Company's offices in Worthing and Goring-by-Sea keep open at lunch-time, and Brian Dodd's offices in Rustington, Worthing, Lancing, West Hove and Brighton advertise late closing Friday until 7 pm, when they reserve time to deal with mortgage inquiries for first-time buyers. Contact their main office, 7, South Street, Lancing, telephone 09063 5283, for full details.



Offers are being invited in the region of £26,000 for Post Cottage, Church Street, in the centre of the village of Ropley, Hampshire. It can be bought with the adjoining 4-bedroom Dover Cottage, which is on offer for £50,000. Details of both from Pearsons, 1 and 3 West Street, Alresford, Hants.

In Hampshire, Pearsons, 53, High Street, Alton, are open all day Saturday, 9 am-5.15 pm and Sunday afternoon, 2.15 pm-5.15 pm. Try them for old farmhouses and cottages. Pearsons Alresford office, 1 and 3, West Street (only open until 12 noon Saturdays), are currently offering two delightful adjoining cottages in Church Street, Ropley, both modernised, which can be bought together or separately. Offers in the region of £50,000 are being invited for the 4-bedroomed thatched Dover Cottage, and around £26,000 is being asked for the two-bedroomed Post Cottage.

Pearsons Salisbury office are putting two picture-book thatched period cottages to auction on July 5—The Malt House, Chilmark, and Thatch End, Idmiston, price guide £60,000 for the first which has five acres, and in the region of £40,000 for the second.

Thatch End, virtually next door to the church and Manor House in the pretty village of Idmiston is a 400-year-old cottage with 3 bedrooms and 2 living-rooms with inglenooks. Details Pearsons, 44 Castle Street, Salisbury, who are putting it to auction on 5 July expecting a figure in the region of £40,000.

A central London agent that stays open over public holidays as well as 10 am-1 pm on a Saturday, Sunday 10.30 am till 6.00 pm, and has a late evening opening until 8 pm on a Thursday is McCall and Co., 15 Wigmore Street, London W.1. Martin Cave, one of the partners, told me they hope to extend their opening hours. "Our aim is to provide a full seven-days-a-week service." Write or telephone him at 01-493 9428, for news of properties—flats, maisonettes and houses—in Central London, Islington and Blackheath, etc. Currently they have a large 4-bed mansion flat, £67,500 in NW6, a 2-bed flat near Holland Park tube, £58,000, a house on 3 floors in SW6, £48,000, and 1-bed apartments in a converted block in NW6, about £22,950.

Allsop and Co. are usually open 10-1 pm Sundays at their office in 20 Montepelier Street, SW7, and on Sunday afternoons at their St. John's Wood office. In Dulwich Village, Wates Estate Agency, 27, Dulwich Village, SE21, and at their Weston Street, Upper Norwood offices, are open Sunday 10-1.

Eyes on the Florida scene

IF YOU don't want the chore of showing would-be buyers round your house when you put it up for sale, an American realtor (estate agent) will station someone on the premises to receive callers who can come in without appointment where they see an "open-house" sign.

It is all part of the home-marketing technique which, in Florida anyway, brings in between 5 and 7 per cent commission on a sale. The on-the-spot salesman will have a fact sheet summarising all the salient points such as construction, CBS (cinder-block and stucco), roof, asphalt-shingle and so on, as well as items such as how much the owner has on mortgage, which in most instances is assumable by a purchaser, although in some cases an existing 7 per cent loan might be upped to the current higher rate of 9-11 per cent.

I flew National Airlines, 10 hours direct Heathrow to Miami, to stay at the elegant Boca Raton Hotel and Club, a plush 5-star environment, in the centre of Boca West, one of the fastest-growing areas in Palm Beach County, a 40-minute drive from the airport.

Tennis, golf, polo and fishing, together with a network of biking and jogging trails are all standard amenities of the Arvida Resort Community of town and patio houses, condominiums (apartments), and custom-built villas. Set against a lush background of tropical landscaping plus almost constant sun throughout the year, it is no wonder that there is currently a property boom, even though, as in Britain, the pundits predict there could be a recession next year.

New home prices are increasing rapidly. Although it is still possible to buy an apartment for under £20,000, $60,000 (ie, £30,000) was the norm at the beginning of the year for a house, with $70,000 the average now (halve the amount to give a rough guide in pounds). It can cost around $150,000 for a quality three-bedroomed family house with screened pool in one of the pretty up-market Boca West village communities, while on an exclusive country club estate such as Royal Palm, with special security attendant at the entrance, the price could be $690,000 for a super luxury home.

For a brochure on the hotel, write to Dagny Woodcock, Boca Raton Hotel, Florida, and for property details contact Domingo, Lose, Arvida Realty Sales, Inc., Boca Raton, whose offices are in the hotel.

My next call was at the attractive Bahia Mar Hotel and yachting centre, Fort Lauderdale, about a 30-minute drive away, one of the first big marina complexes on the Intra-coastal Waterway, which opened in 1949. Details Irvin Deibert, general manager, who will send information on the hotel and the boating amenities. For although there's golf and tennis here too (Chris Evert's father is the pro at nearby Holiday Park), plus baseball, soccer, horse- and dog-racing, it is the enormous boats that make the picture.

The particularly attractive houses on offer are those adjacent to the 165 miles of navigable waterway. With their own boat docks, and terraces over the water, they are from $100,000-plus. I toured a selection with local agent Marie Christophers, who will send illustrated brochures of a wide range of property from her offices in Ford Lauderdale. Mrs. Christophers reports a strong international market over the last two years, with European and Middle East buyers buying for investment and occasional occupation. Now the British are strongly in evidence, with an Englishman who had sold his five-storey Chelsea house to an Arab purchaser, having just bought a waterfront apartment in Florida.

Jean Heal, a sales representative for the British company Taylor Woodrow, who are building an attractive development, The Meadows, around some 200 acres of woodlands and 30 lakes in West Florida on the Gulf of Mexico, had much the same story to tell. A couple in the rag-trade, who had sold their apartment in Marble Arch to a Saudi, were flying in that morning to look at these homes in the $60,000 to $130,000 bracket which are grouped around a championship golf course, tennis and equestrian centre. Brochures from Roger Postlethwaite, Taylor Woodrow, 1900 Longmeadow, Sarasota, Florida.

GARDENING

Growing plants without soil

BY ARTHUR HELLYER

FOR MORE than a century it has been known that plants could be grown without soil, but for much of that time this possibility seemed to be mainly of interest to scientists. By replacing soil with water containing measured quantities of chemicals it was possible to ascertain which of these were essential and what happened when any of them were missing or deficient. But as a practical method of growing plants hydroponics, as it came to be called, seemed to have few advantages and a good many drawbacks.

Soil provides roots with firm anchorage as well as with food and moisture and in its absence plants have to be held up by artificial means. More seriously, roots require air and if they are simply submerged in a tank of still water they will drown. To overcome this the water must be constantly freshened by bubbling air through it.

Both difficulties can be overcome by replacing soil with some porous but inert material such as sand, vermiculite, or Perlite and flooding this periodically with nutrient solution. This can be a satisfactory method of growing plants commercially, especially in some desert regions where sand is abundant but plant foods and water are scarce. However, even this can have its snag, for sand is by no means always chemically inert as I pointed out some months ago when describing experiments in large scale sand cultivation in Arabia.

There are difficulties which, in the long run, have made some large scale and promising experiments in commercial hydroponics unprofitable. Chief among these are monitoring the nutrient solution to ensure that it is constantly maintained at the correct strength and keeping it free of disease causing organisms. In soil there are many fungi and bacteria which are positively useful to plants or are neutral but help to maintain a balance in which harmful organisms have difficulty in becoming dominant. In a tank of water rich in plant food but otherwise more or less sterile there is no such competition and an invading pathogen can spread like a bush fire destroying a valuable crop in a matter of hours.

So the practice of hydroponics has had its ups and downs and until recently has never been widely adopted except in special circumstances in which normal cultivation is difficult or impossible. However during the past few years two new systems have been developed which seem likely to be more permanently and widely successful and both are already enjoying considerable success in their own particular fields. Within the limits of hydroponics they could scarcely be more different in method of application.

One is being used mainly for ornamental house plants. It is a variation of those systems which replace soil with an inert but moisture absorbent material, in this case heat expanded clay granules known as leca and much used in the building trade for insulation. Its merits as a hydroponic rooting medium are that it is light, clean, pleasant to look at, absorbent and completely sterile. It is used in containers without drainage holes and with from 4 to 5 cm depth of water plus a special slow release fertiliser one charge of which is sufficient for about six months when another charge can be given. All that is necessary in between is to keep the water level approximately constant, which usually means topping up every seven to ten days. A simple float in a plastic tube can be sunk in the leca to indicate water level and make the whole operation very simple even for people quite unused to the care of plants.

This is a system primarily for amateurs and probably has no great potential commercially except for those firms which produce pot plants for sale in leca and nutrient solution. By contrast the second new method of hydroponics is as yet exclusively for commercial use, mostly on a fairly large scale though there seems to be no technical reason why it should not eventually be scaled down to suit at least the larger greenhouses used by amateurs. It is known as Nutrient Film Technique or NFT for short, and it is a pure hydroponic system which eliminates any rooting medium.

It differs from earlier hydroponic systems in using a slow flowing stream of nutrient solution which forms little more than a film in a plastic trough so that there is no danger of drowning roots. Moreover the fluid is constantly recirculated through a storage tank by means of an electric pump and in this tank it can be instantly monitored for temperature and nutrient strength by electronic devices which show readings on a couple of dials. This cuts out the need for skilled chemists to analyse the solution frequently, and anyone of ordinary intelligence can be taught to operate the system in a few days.

As always there are snags: one of the principal ones being the initial installation. There must be an equal flow of nutrient fluid down the full length of every trough or otherwise some plants will get too much and some too little. This means an accurate fall throughout the length of every trough and also from one trough to the next. A large greenhouse prepared for NFT will have a floor that slopes just a little diagonally from one corner to the other. Usually the simplest thing is to lay a concrete floor for the troughs but it must be smooth and accurate. I understand that it is possible to install NFT on raked soil or sand but it must be rather tricky.

One of the merits of NFT is that it is as nearly automatic as any cultural system can be. Another is that it is economical of water and nutrients since both are constantly recirculated.

However, some drawbacks of earlier systems remain. Roots have no anchorage and plants must be artificially supported. If the troughs are left open the nutrient solution will be exposed to light and there will be a thick growth of green scum (algae) but this can be overcome by making the troughs of black polythene and drawing the top edges together to form what is virtually a tube.

Tomatoes and lettuces seem to grow especially well in NFT installations and there are some fairly large ones about. What the limits of the method are I do not know but it is clearly very much on the increase at the moment and a considerable amount of capital is being expended on it. This could well be the large scale hydroponic system market growers have been seeking for several decades.

Walker Cup's timely trials after a murky fortnight

GOLF
ROGER PAUL

IN THE murky, depressing light of last week and this, when we have lost the Walker Cup again, and failed to get a single Briton into the last four of the Amateur Championship the time has probably come to consider whether we are giving ourselves the best possible chance.

After the Walker Cup, Rodney Foster, the GB and Ireland captain, trying hard not to make it sound like sour grapes, said he thought that when the Cup was in this country we had to take on the Americans with a team which was not only under-prepared because of the winter, but also picked on last year's form. This is because there is not enough time, nor enough tournaments, to pick a Walker Cup team for the end of May, in the year of the match.

The result can be catastrophic. Players who have been playing impressively at the end of one year, as was Jimmy Buckley for Wales in the 1978 Home Internationals, can earn themselves selection on that basis. But in the intervening six months anything can happen, and Buckley, for instance, acquired some chronic back trouble which made him unavailable for the last day and led to his record 9 and 7 defeat on the first day.

There are also the players who play better at the end of a season. The most notable example of this is Neil Coles, who rarely wins before July, and yet performs so well during the latter part of the season that he is easily the leading money winner in British professional golf. He has, in passing, won a total of £188,000 since the war, compared with Severiano Ballesteros's £148,000 and Tony Jacklin's £130,000.

Why then is the Walker Cup played so early in this country, when it is played in August in America? The answer is tradition. The Amateur Championship has always been played during the first week in June and the American team always go on to play in the Amateur after the Walker Cup.

When I asked Keith McKenzie, secretary of the Royal and Ancient why the Amateur had not been moved to, say, September, he replied that it had never been considered.

But there are two good reasons why the Amateur should be played some time in that month. The most important one is that it would give us a chance to assess, and pick, a team on known form of that same season. The team members would go into the match fully prepared, having played and practised for at least six months.

The second is that it would provide a fitting climax to the season. As the amateur scene stands, there is a frenzy of activity during May and June, and thereafter something of a slither into obscurity. I understand that the Championship committee may discuss this idea informally, but any changes would take at least four years to implement in that courses and dates are already booked. But anything which gives us any more hope against the Americans must surely be worthy of consideration.

The last Britons disappeared from Hillside in the quarter finals stage. Ian Bradshaw, who had earned some notoriety by beating defending champion Peter McEvoy, gave up fleeting hopes when he was two under par and two up after eight holes against Scott Hoch. But he was bunkered at the 9th, missed from three feet at the 10th and then lost the 11th and Hoch was back in charge.

Brian Marchbank was never in with a chance. Against Tony Gresham, the 38-year-old Australian, he was subjected to an outward half of 32—four under par—and was six down. Marchbank won the first three holes of the back nine but that was the extent of his revival.

It begins to look as though the popularly predicted final between Hoch and Jay Sigel, the two best Americans, will take place.

Henry Longhurst

FEW PIECES of writing have the power to make you alternatively laugh out loud, and then bite the lower lip to prevent the tears. The last I remember reading was the Sunday Times in 1973 and it was written by Henry Longhurst. The subject was his own intended suicide and how it didn't happen, and it is a tribute to the man that he could even write entertainingly on his own agonies.

This piece, with many others written by this most gifted of essayists, is reproduced in "The Best of Henry Longhurst" published by Collins at £4.95—a price which should ensure sales on a massive scale.

Henry's gift lay in being able to take the wider view, and, having taken it, to describe what he saw with a light yet penetrating hand. He used his golfing peregrinations around the world to go to places that offered an entertaining story, and nothing illustrates this better than the introduction to "Nightmare over Niagara." He says, "Many years ago the women held their Curtis Cup match against the Americans at Buffalo and in the course of it, like any good tourist, I went to see the Niagara Falls, to become at once intrigued not so much by the Falls themselves which, as Oscar Wilde said, would be much more impressive if they flowed upward, as by the extraordinary antics of folly, nerve and self-destruction performed by mankind under, in and over them."

Now there is an opening sentence of power and fascination, and it is one which would nowadays be lucky to escape the sub-editor's brevity pencil.

I opened the book casually and found "Will I give ye the daylight?", a piece about Ireland. Consider the following as an attention grabber. "I have been passing a week in Dublin, a city of strange contrasts, the breath-taking beauty of some of the old Georgian streets glowing in the evening sun with a sort of Italian light that we rarely see in England . . . and the utilitarian drabness . . . the tourist lures of Grafton Street, with the visitors in search either of 7/6d. steaks, or a bottle of EVM (English Visitors Mixture—any chemist knows the formula) after too many of them . . . and the pale woman singing for alms in the gutter, carrying, like the London Communists, a baby in her arms, possibly her own."

Henry knew how to start, how to carry on and how to end, both in his writing and in his life, and this book about a man who made golf richer, will in itself enrich any man who reads it.

BOOKS

Fiction

Malamud and Gordimer

BY C. P. SNOW

Dubin's Lives by Bernard Malamud. Chatto and Windus, £5.95. 362 pages

Burger's Daughter by Nadine Gordimer. Jonathan Cape, £5.95. 361 pages

Mr. Bernard Malamud has one of the greatest of a novelist's gifts. One believes everything he says. This gift probably comes more from temperament than technique. If a writer doesn't possess it, and many good writers don't, then he can't acquire it. Malamud possesses it to a high degree. He has in addition an easy and natural command of his language, which is at the same time versatile, eloquent and exact. It is hard to think of a contemporary writer in English who expresses himself with more certainty. This new novel of his, *Dubin's Lives*, is another of his unaffected successes.

There isn't much in the way of a story. William Dubin, aged 56, has an enduring marriage, not ecstatic, but healthy. He gets his imagination caught, first sexually, then in a more insidious fashion, by a girl of 23. In some of the deepest lore of all, she is older than he is. She is also strong-willed, trying to find a desirable life, and nothing like so sluttish as at first she seemed. She is the most interesting character in the novel. Neither can leave the other alone, but in the end there is no way for Dubin's duty and habit. Fanny's searching for a decent existence, which can let them stay together. He must make the best of his marriage, and she must attempt one of her own.

In précis terms, that is about all. But the book is packed with detail about American middle-class life, external and internal, the unwillingness to grow old, the erotic insistences. Malamud is just as good at depicting sexual joys and chagrins as he is at pictures of the New England countryside or of the sadness of parenthood. In fact he is rather too good at these minute examinations and the book could have done with more economy. A cut of about fifty pages would have been helpful.

Dubin is, of all things, a professional biographer. It is the clearest possible proof of Malamud's gift for verisimilitude that one believes this, and believes that he is a pretty successful one. He has won awards for his Thoreau, and during the period of the story, is struggling with his D. H. Lawrence. He doesn't have an academic position, but manages to live comfortably on his books in the Vermont country. His wife also brings in some money.

There is careful affectionate portrayal, like genre paintings, of their domestic conditions and those of their acquaintances. There may be nothing more faithful written about modern American middle-class life—incomparably better equipped than any large population has been before, with its curious mixture of luxury, domestic machinery, improvisation, people often living as though picnicking in their own houses, singularly restless and incessantly mobile, automobiles (in the plural) treated like members of the family.

In the midest of Malamud's deepest concerns—the nagging recurrence of Dubin's obsessive passion, the weakness of his will, the girl Fanny's freedom with her body and constraint about what she would have liked to call her soul, there is attention to spare for this physiognomy of a culture. It may easily be the best introduction for a foreigner to a large stratum of American society.

Malamud had his first recognition in this country for his studies of Jewish enclaves, and the residue of the immigrant waves clinging to their old traditions. There is a tendency to put him in a pigeon-hole as a quintessentially Jewish writer. He is actually less so than some of his most talented contemporaries, including Saul Bellow. In this book Dubin is, as the name tells us, Jewish by birth, but he wears it as lightly as any of his Vermont neighbours brought up as congregationalists, but forgetful of anything that Calvin taught, if they ever knew.

In an unassertive manner, Malamud writes with total literary confidence, certain of what he can do, not specially interested in social concepts. There is no strain and almost no self-consciousness, except for a trick which jars of occasionally referring to Dubin as "the biographer."

Nadine Gordimer, in a different historical situation and probably for other reasons too, writes with extreme self-consciousness, and in a sense the whole of *Berger's Daughter* is an exercise on that theme. Nadine Gordimer is writing as a liberal artist, though not optimistic or illusioned, in South Africa. For years she has shown much courage and integrity. She has been no more sparing than Alan Paton—telling the world outside the Republic what apartheid means, in terms of human flesh and bone. She has kept her integrity in a more difficult direction—telling us what the limits of politics are, that racism isn't sometimes the maximum evil and isn't confined to people with white skins, that Afrikaners can be persons of high moral quality, and that the ethics of situations sometimes don't provide one with easy answers or even any answers at all.

In this new novel, her central character, Rose Burger, is the daughter of an heroic Afrikaner doctor who spent his life resisting apartheid. He became a communist because he decided that was the only effective opposition, and finally died during a life sentence.

Rose spent all her childhood in that political atmosphere. She was used, and willingly used, as a courier. As a woman she feels that it is her duty to continue with the family mission. But she has increasing intimations that politics aren't the answer to all human sufferings. One has to go on with politics, because some ills can be put right, but she knows as she grows older that many other ills are untouchable. She has a revelatory moment when she sees someone die—of natural causes without warning—in a public square.

The sorrows of his family would be identical with the sorrows in her own when her father died. She has to recognise meaningless cruelty when she sees a donkey beaten almost to death. In that scene, by the way, though Nadine Gordimer must have forgotten the reference, she has been antcipated by Dostoevsky, if for her donkey one substitutes a horse.

The book ends with Rose, herself back in South Africa after a spell in Europe (which for artistic purposes could have been dispensed with), and herself in prison. The worry about the work is that the complexity of the author's moral insight gets involved with a destructive complexity of her art. She can't be simple when she ought to be. She feels bound to adopt a special novel-writing voice, or rather several voices. Rose is written about in the third person, but she also utters many soliloquies. These soliloquies are decorated with self-consciousness rampant. To add to the bafflement, Rose has a good many silent conversations, herself speaking in the first person, with various characters all addressed as "you." It requires some concentration to work out who any particular "you" can possibly be.

Nadine Gordimer has, of course, fine talents and qualities of spirit. This book doesn't work as well as the earlier ones which we all admired.

One minor point which may produce some sardonic grins. Both these writers are among the best now operating in our language. Both are responsible, rightly respected, personages of dignity who have brought credit to the literary life. Yet, as enthusiastically as girls from the less liberated quarters of the Bible belt, they have both taken to a prolific use of four letter words. Occasionally, in one or two of Malamud's scenes, these help. In general not. And not at all in Nadine Gordimer's. It is no use senior artists trying to talk like Scottish fans in railway trains.

Bernard Malamud—a new drawing by Judith de Beer

Castaways

BY RACHEL BILLINGTON

J. M. Barrie and The Lost Boys by Andrew Birkin. Constable, £6.95. 324 pages

It can be no coincidence that the two most famous children's works have been written by bachelors who were obsessed throughout their lives by their relationships with children. Lewis Carroll wrote *Alice in Wonderland* out of his attachment to a series of pretty little girls of whom Alice Lidell was the favourite. J. M. Barrie wrote *Peter Pan* out of his admiration for pretty little boys who were soon narrowed down to the five Llewellyn Davies brothers. As Barrie himself explained: "I made Peter by rubbing the five of you violently together, as savages with two sticks produce a flame."

It should not be surprising that the children's writer should be bound up in the passions of childhood just as the adult writer uses adult experiences to generate his work. On the other hand, an important relationship between an adult and a child, outside a family context of a blood tie, is in our present society considered very peculiar indeed, smacking of one of the few sexual deviations still not considered respectable. This twentieth century habit of evaluating all relationships in sexual terms makes the task of Carroll's or Barrie's biographer particularly difficult.

Andrew Birkin has chosen to go for the target dead centre. For although his book is also biography, it is, as the title suggests, essentially the story of his association (it is tempting to say love affair) with the Llewellyn Davies family. Birkin's original sources of evidence apart from Barrie's own works from which he quotes freely, are two-fold—a strange work called "The Morgue" in which Peter Davies (the third son) wrote his thoughts on Barrie and his 'boys,' and Barrie's own notebooks. Barrie kept these throughout his life and even (or perhaps especially) at times of stress jotted down thoughts that could be used later in his writing. This is not an uncommon habit among writers but it is likely to encourage non-writers in the fashionable belief that Barrie was a vampire to his boys.

Andrew Birkin has had more opportunity than is usual for a biographer to evaluate the character of his subject. He first wrote the story of *Barrie and The Lost Boys* for a BBC television trilogy. Anyone who has ever written for producers, directors and perhaps most important actors, knows how quickly any woolliness of thinking is uncovered. The writer will be questioned exhaustively about facts and motivations. His answers may not be right but at least he will have confronted every possibility.

Certainly the trilogy was a triumphant success. But it was, of course, drama, in other words, fiction. The book, on the other hand is in Birkin's words "a documentary account . . . allowing the letters, diaries, notebooks, interviews, photographs . . . to unfold the narrative with a minimum of editorial interference." The result is a new form of scrapbook biography, which is more satisfactory than its picture-book plus commentary rival and in its feeling of immediacy can teach the classic biography a thing or two.

However, I did feel it showed up Barrie's personality in a slightly different, more flattering light than the visual medium. Ian Holm's Barrie had an undeniably creepy air about him. The sheer physical contrast between the runt-sized oldish man and the beautiful swan-like Sylvia Llewellyn Davies and her gloriously handsome offspring seemed at very least unnatural. In the book, despite all the evocative photographs (mostly taken by Barrie himself) his physical presence is of little importance. Indeed in some photographs, the small man in the outsize overcoat takes on a Napoleonic stature—although a cynic might recall the saying, "He was a small man till he stood on his money."

But photographs aside, the Barrie that comes out of the book is an unhappy, gifted, generous man who suffered from an inability to enjoy a fulfilled love for a woman but possessed instead an almost magic gift with young boys. Whether this made him a paedophile seems extremely doubtful. As Nico Davies, the youngest and only surviving brother says, "Of all the men I have ever known he was the wittiest and the best company. He was also the least interested in sex . . ." Nevertheless the story is unquestionably a tragic one. The only question is whether Barrie caused the tragedy, added to it or alleviated it.

In 1894 Barrie married Mary Ansell, an actress from one of his plays. He did this despite noting not long before, "Greatest horror—dream I am married—wake up shrieking." Shortly afterwards he met the first of the Llewellyn Davies boys in Kensington Gardens and their parents Sylvia and Arthur, still a struggling barrister, at a dinner party a few days later. The all important friendship had begun. This had its apotheosis of childish happiness (for Barrie and the boys) on a holiday they spent at his home where they acted out many of the adventures later recalled in Peter Pan.

At the time Barrie wrote it up in a book called *The Boy Castaways* which had a printed edition of two. One of these was lost when Arthur carelessly(?) left it in a train. Arthur, it appears, recognising everything Barrie gave Sylvia and his wife, both financially and emotionally was far beyond his resources in either field, struck back only in the smallest ways.

The years passed. Soon there were five Llewellyn Davies boys. George and Michael were Barrie's favourites but he was a dominant personality in all their lives. It was Michael who cried "To die will be an awfully big adventure?" Then the tragedy began. At first it was gradual. Barrie's long suffering wife left him for a man who was more interested in woman's sexual nature. Arthur contacted cancer and died, handing over his wife and children to Barrie's care. Sylvia contacted cancer and in a few years she, too, died, also asking Barrie to care for the children financially—although whether she gave him such total rights of guardianship as he claimed seems open to doubt.

By 1910 Barrie found himself completely alone with no close adult friends but five boys to look after, the youngest only six but the eldest already 17. This was no Peter Pan summer idyll. This was a matter of schools, jobs, even girlfriends and, soon enough, war. Tragedy came again when George was killed in the trenches. This was followed horribly quickly by the brilliant but unstable Michael's drowning at Oxford in what appeared to be a homosexual suicide pact. Friends of Barrie thought him also on the verge of suicide. But it was Peter Davies who completed the pattern many years later when he threw himself under a tube train.

So, was Barrie a monster, in some real emotional way responsible for the tragedies? Would it have been better for the Llewellyn Davies family if Sylvia had protected her boys from Barrie's attentions as Mrs. Liddell protected hers from Lewis Carroll? Logically, the answer must be no. Cancer is an unpredictable disease. Children made orphans in such a short space of time are likely to suffer from psychological disturbances. Young officers in 1915 were more likely to be killed than not.

What Barrie gave the boys was a perfect dream of childhood. If this did sow the seeds of nightmare it would make the ambitions of parenthood seem very hollow.

Nina Boucicault as Peter Pan in 190

Freak results and high spirits

BY ISABEL QUIGLY

A Perfect Vacuum by Stanislaw Lem. Secker and Warburg, £4.95. 229 pages. Translated from the Polish by Michael Kandel.

Lodgings in Exile by Wolfgang Georg Fischer. Peter Owen, £6.95. Translated from the German by Inge Goodwin in collaboration with the author.

Frontiers by Bernard Ledwidge. Weidenfeld and Nicolson, £5.50. 260 pages

The Widow by Nicolas Freeling. Heinemann, £4.95. 250 pages

It would be surprising not to be surprised by a new work by Stanislaw Lem: as he doesn't repeat himself you never can tell. If you're expecting something in the style (let alone the genre) of, say, *The Futurological Congress*, then *A Perfect Vacuum* is going to make you rub your eyes (only Lem readers don't, stereoscopic spectacles being needed to read him at all). It is hardly fiction in ordinary sense, though composed of a series of fictions; or perhaps fables.

At one level it is a series of essays in pastiche, the sort of thing turned out for literary competitions. At another it is an exploration of ideas in a number of literary forms: ideas large or small, dominated by the main one of vacancy, non-being, the vacuum.

On the first page we read: "As the convict is chained to his wheelbarrow, so the reviewer is chained to the work reviewed." That seems a small idea, and for the purposes of this work Lem becomes a reviewer of fiction; that is, of fictional fictions. "He who, being a German, addresses Frenchmen in Dutch with English introductions is as mute as he who is silent," he remarks gnomically a little later; a slightly larger idea to which one might add: he who, being a Pole, addresses English readers on the theme of non-existence needs a good translator. And he has found him: he reads so smoothly that you forget the, as it were, obliqueness of his English.

There's *Being, Inc*, American SciFi on an electronically planned future (non-existent will); *Toi*, a novel *about*, rather than addressed to, its reader (absence of content); and *Idiota*, an Italian socio-religious tract invoking Dostoevsky on the one hand, and what sounds like Pasolini-style religiosity on the other (non-existent mind). And other non-starters in the race for being. High spirits like these are rare in philosophical dress, and Lem manages his own cleverness with a curious degree of modest charm.

Lodgings in Exile is volume two of a trilogy about the fate of an Austrian Jewish family from 1938 to 1940. They leave Vienna for Yugoslavia, the father then going to England; mother and small son at last going back to Vienna. Mainly it is about sojourns in bedsitters in London or Zagreb with everything unfamiliar around them, sounds as well as sights.

The form of the novel is conventionally unconventional: present tense narrative, with first person turning rather archly to third, capitalised nicknames, apparently random mixture of names and incidents, fact and fantasy, past and present, the narrator calling himself "My Nursery Self," his mother "the Captain's Wife," his father "Sailor Boy" or "The Captain of his Fate." Chapters have elaborate titles such as: "The Last Few Dream Stations of the Nursery Self before the Final Return to the Thousand-Year Reich, Plus Some Selected Day and Night Dreams of the Captain's Wife."

Under all this there's the melancholy theme of exile, of spiritual as well as physical displacement, and clearly a good deal of talent (let me try not to sound patronising, for it's there). Now and then a phrase or two of the most exact observation, some verbal felicity or moment of good satire makes this all too clear. But the waggishness simply drowns, overwhelms, the rest and makes one long for a rest from its merciless flow. Perhaps it's a sort of humour, and a sort of seriousness, hard to translate or export.

Back in *Frontiers* to the novel plain, the story with a plot and people doing things in straight chronological order. Time: again, the late thirties and early war years. Place: Cambridge, Nazi Germany, wartime India. Hero: Peter, an Indian Army officer's son, a classicist who adored his (possibly suicidal) father, saw his mother's infidelity and can't trust women, yet falls for the least trustworthy of them all, a girl sent by the Nazis to catch and betray him, whom he can't forget or even in retrospect reject.

The title means a lot: the antagonisms between the British and their traditional enemies across the frontier in Afghanistan; the divisions between ideologies; the lack of communication between cultures, at the highest or the humblest levels; and, as well, the possibility of reconciliation and respect between the unlikeliest: enemies traditional or ideological.

There are echoes of Kim and the Great Game: Peter, in Afridi disguise, hair cropped and skin darkened, settles a dangerous frontier dispute; then uses the rescued Afridi to kill his own enemy, the husband of the German woman he has loved since his visit to Nazi Germany. The classical world—its influence upon, its parallels with, the British Raj is constantly invoked, Peter being its product, a cool hero in a recognisable tradition.

Finally, *The Widow* is a thoroughly successful thriller, clever, unpretentious, and excellent company. The 50-year-old French widow of a Dutchman newly married to an English international civil servant in Strasbourg doesn't sound the likeliest of private eyes. Nor is she quite a private eye: more a helping hand. But it gets her into dangers that are scarey enough. The touch is light, the feeling humane, the tangle of nationalities amusing and the sense of place wonderfully exact.

Holy Land happenings

BY RICHARD JOHNS

The Palestine Triangle: The Struggle between the British, the Jews and the Arabs 1935-48 by Nicholas Bethell. André Deutsch, £7.95. 384 pages

Lord Nicholas Bethell's book on the tragedy of Palestine may signal the end, within a year or so, to the spate of works originally stimulated by the release of official British archives under the 30-year rule. The author is the first to exploit fully those relating to the critical year of 1947 when the fate of the mandated territory was finally decided.

In writing a balanced, perceptive and penetrating account of the saga he would appear to have little to fear from his as yet unpublished competitors. In addition to the latest available UK material he and his researchers have plundered the central Zionist archives and U.S. official sources. However, what gives the amalgam a peculiar freshness is the range and depth of his interviews with men and women involved in the struggle for the Holy Land. He may seem somewhat weak on the Arab side of the triangle but not to the extent of this being a structural flaw because the book is heavily concentrated on the period after 1939 when the Arab revolt had been crushed and the Anglo-Jewish conflict was the heart of the matter.

Interest naturally focuses on the King David Hotel affair, the terrorist reprisal in July 1946 by Mr. Menahem Begin's Irgun movement that resulted in the death of 91 people in the Government Secretariat including 41 Arabs, 28 British and 17 Jews. Bethell accepts the present Israeli Premier's contention that the Irgun did not intend such carnage from which the extremist right-wing had nothing to gain politically or militarily.

However, he appears to discredit completely the claim of Begin and his colleagues that half-an-hour's warning was given to John Shaw, the Chief Secretary and the spurious argument that the main purpose of the operation was the destruction of documents. Similarly, the evidence of a senior police officer quoted by Bethell appears to give the lie to the Irgun assertion that it knew in advance of the plot involving Yaakov Chylewicz, one of their number, who betrayed many of its prominent men.

Begin's declaration of war against the British some weeks earlier was opposed by the Jewish Agency, the "official" political leadership and the Haganah, its paramilitary arm. The war with Hitler was not over but for the man with the "patina of Polish aristocratic etiquette" not only Britain but even the U.S.—were accomplices in the extermination of the Jews. For a limited period the Haganah co-operated, to a limited extent, with the colonial authorities in running to earth members of the Irgun and the even more extremist Stern gang, an episode that is still a subject of extreme sensitivity in Israel.

The Haganah desisted from terrorism as such. But faced with curbs on immigration it decided upon a policy of collaboration with the Irgun and the Stern though it concentrated its own operations on facilitating the inflow, seizing arms and disrupting internal communications. The British Government, it is revealed, immediately became aware of the switch in policy because its intelligence had broken the Jewish Agency's code. Thus, as British leaders read the coded messages passing between London and Jerusalem their blood boiled at the Agency's protestations of ignorance and innocence—not the least over those of Dr. Chaim Weizmann, President of the World Zionist Organisation. The Haganah approved the King David operation, with the stipulation that it should be out of office hours, and indeed had planned it weeks before, according to Israel Galili, the labour politician, who was then a senior Haganah commander. Shortly after the outrage Dr. Weizman gave Shaw a "solemn assurance" that there had been no contact between the Haganah and the terrorists, except to exercise restraint. They, of course, not only justified Israel in the eyes of the West but also were a crucial factor in its creation not the least by mobilising support for it in the U.S.—which in the last resort formed the fourth side of a rectangle.

Diplomacy and deception were necessary for the conquest of Palestine by what Sir Harold MacMichael, then High Commissioner, recognised as eary as 1941 as the "Zionist Juggernaut." So, too, was violence. As Galili acknowledges, Britain had the armed strength to impose a solution more acceptable to Arab sympathies and what it viewed as its strategic interests but could not "because of the nature of British democracy." The task was a thankless and a pitiless one especially where the blockage of wretched refugee vessels was concerned—here Bethell gives a splendid account drawn from Admiralty records of the Exodus affair. The role was also one which earned the slur of anti-semitism that may have been true of a few of the soldiery and police, who were sorely provoked, but not Ernest Bevin.

Bethell believes that while he did undergo "absorption" by the anti-Zionist Foreign Office, he arrived at his stance opposing partition and a Jewish state "on purely intellectual grounds." It was surely Bevin's misfortune that his assumption of office coincided with the full horrors of the Nazi holocaust.

Having abdicated responsibility a war-weary Britain refused to sacrifice more life defending partition lines of the UN plan which it "could reconcile neither with her conscience nor her national interest." Sir Alan Cunningham, the last High Commissioner, acted as an ancient predecessor, Pontius Pilate, had done—he washed his hands of it all. The boundaries of the new state were enough to satisfy the majority Labour movement, for the time being at least, but not the right-wing "Revisionists."

The vacuum left was easily exploited by the Irgun and Stern in their attack on the Deir Yassin in April 1948 which left 250 dead, setting off the exodus of 300,000 Palestinians.

More equal than others

BY REX WINSBURY

Equality by Sir Keith Joseph and Jonathan Sumption. John Murray £4.95, 130 pages

Has Sir Keith Joseph, in the eyes of the Left the Rasputin to the new Tory Czarina, undergone sudden conversion on the road to Downing Street? Indeed not. The book is not about Equality, but about the sins committed in the name of Equality. It were better called "In Praise of Inequality," and in its lofty philosophical way (no rude facts or party political points here) it revolves around that cruellest of all dilemmas for egalitarians, namely that the drive for equality in practice seems to entail totalitarian methods to achieve it, so that a theoretical doctrine of liberty becomes a practical doctrine of despotism.

The publisher seems blessed with luck, or a nice sense of timing. Had this book been published during the election campaign, it might well have been seized upon as yet another of Sir Keith's alleged political gaffes, since it takes a brave, indeed foolhardy man (or woman), to stand up at the hustings and positively defend a doctrine of inequality.

As it is, we have a credo from the ex-Minister of Housing, Welsh Affairs and Social Services, and the present Secretary of State for Industry (but perhaps largely drafted by his Oxford don co-author?) which will be read as a guide to the new (age-old) Tory philosophy. Does it convince?

The answer to that will depend on one's own personal predilections. For some, the argument will be simply too rareified to bother with. For others, it will be a con job, in the sense that it is all too easy to be generous to your opponents, gentle in tone, civilised in your values, when you are not actually having to get your hands dirty with practical politics and power struggles in society. And generous, gentle and civilised the book certainly is.

For others, it will be a courageous and thoughtful attempt to square up to the fundamental issue of today, namely whether several generations of striving for social equality have not merely failed in the attempt, since it contravenes basic human aspirations, but have also produced a sluggish, backward economy in which individual talent is wasted and national wealth dissipated.

For my money — such as I have left at my marginal tax rate; hear me, Mrs Thatcher—the real problem is somewhat different. It is to resolve the conflict between the poverty and indignity inflicted upon millions of people because of grotesquely unequal conditions that existed when Britain was a rich country, and which still provide the emotional thrust for equality: and the manifest need to liberate and stimulate by financial and other incentives the initiative and ambitions of individual workers, managers and entrepreneurs, at a time when Britain is relatively poor.

I doubt that Sir Keith, the human face of capitalism, would strongly disagree. But I am not so sure about some of his Tory colleagues.

LEISURE

CHESS

LEONARD BARDEN

LAST MONTH'S World Cup in Montreal is sure of a niche in chess history on several counts. The prize fund of C$110,000 was twice that of any previous tournament, provided by sponsors who included the provincial and city governments, the Montreal newspaper La Presse, the Hotel Meridien where the players stayed, and Air Canada.

The ten-man field was the strongest since the FIDE rating system began in 1971; the tournament marked a revival for Tal, and a reassertion of Karpov's status as a successful world champion following his indifferent play in Baguio.

Montreal coincided with the victory of the new 16-year-old Soviet star Gary Kasparov ahead of 14 grandmasters in Banja Luka, and the two events combined could well mark a swing in world chess power back towards the USSR.

The final scores (Karpov and Tal 12 out of 18, Portisch 10½, Ljubojevic 9, Spassky and Timman 8½, Hort, Hubner and Kavalek 8, Larsen 5½) were a disappointment for Timman of Holland, and a disaster for Larsen of Denmark, two Western hopes to become challengers to Karpov. Kavalek, the U.S. champion, recovered well from a poor start but his result confirmed that there is no American since Fischer who seriously threatens the top Russians.

The stereotyped image of Tal is of a dashing and occasionally unsound player who wins by exploiting gifts for rapid and deep calculations. Karpov is portrayed as a cold fish who wins by extremely accurate positional play and taking advantage of his opponents' minute errors.

Both of them sometimes play "to type" but a strong grandmaster needs an all-round style and the ability to vary his game to the requirements of the position. Thus this week's games show Karpov playing in Tal style and Tal, except for a brief glitter of fireworks in the middle game, showing the sobriety associated with Karpov.

White: J. H. Timman (Holland). Black: A. Karpov (USSR). Opening: English (Montreal 1979.)

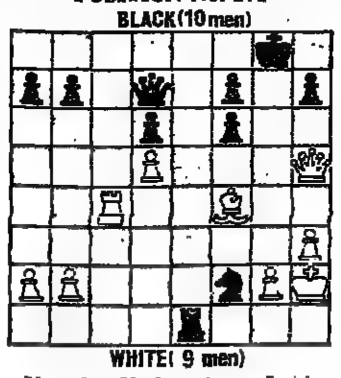
1 P-QB4, N-KB3; 2 N-QB3, P-K4; 3 N-B3, N-B3; 4 P-K3, B-K2 (Karpov prepared this for Korchnoi); 5 P-Q4, PxP; 6 NxP, 0-0; 7 NxN, NPxN; 8 B-K2, P-Q4; 9 0-0, B-Q3; 10 P-QN3? (natural but bad—he should exchange pawns first), Q-K2; 11 B-N2, PxP! (paradoxically, this is directed against the *white king); 12 PxP (12 BxP, N-N5!),* R-N1; 13 Q-B1, N-N5; 14 P-N3? (14 P-KR3, Q-K4 so 14 BxN was essential), R-K1; 15 N-Q1 (expecting to refute Black's next), NxRP! 16 P-B5 (16 KxN, Q-R5 ch; 17 K-N1, BxP; 18 PxB, QxP ch; 19 K-N1, R-K3 wins), NxR; 17 PxB, NxNP! (the point—NxB ch threatens) 18 PxN, QxQP; 19 K-B2, Q-R3 (now White's king is exposed to a winning attack); 20 B-Q4, Q-R7 ch; 21 K-K1, QxP ch; 22 K-Q2, Q-N7; 23 N-N2, B-R3; 24 N-Q3, BxN; 25 KxB, QR-Q1 (threat Q-K5 ch and RxB); 26 B-B1, Q-K5 ch; 27 K-B3, P-QB4!; 28 BxBP, Q-B3; 29 K-N3, R-N1 ch; 30 K-R3, R-K4; 31 B-N4, Q-QN3; 32 Resigns (32 R-N1, R-R4 ch!).

White: M. Tal (USSR). Black: R. Hubner (West Germany). Opening: Caro-Kann (Montreal 1979).

1 P-K4, P-QB3; 2 P-Q4, P-Q4; 3 N-Q2, PxP; 4 NxP, B-B4; 5 N-N3, B-N3; 6 P-KR4, P-KR3; 7 N-B3, N-Q2; 8 P-R5, B-R2; 9 B-Q3, BxB; 10 QxB, KN-B3; 11 B-B4, Q-R4 ch; 12 B-Q2, Q-B2; 13 0-0-0, P-K3; 14 N-K4, 0-0-0; 15 P-KN3, NxN (following a regular opening, Black starts to slip. A better defence is N-B4); 16 QxN, N-B3; 17 Q-K2, P-B4 (underestimating the coming tactics; more solid is P-QN3); 18 PxP, BxP; 19 R-R4! (masters are alert to such unusual rook manoeuvres whereas amateurs often only consider standard development via the centre files), K-N1? (into the firing line); 20 B-B4, B-Q3; 21 RxB! RxR; 22 N-K5! (threat N-B4, and with the tactical point 22 . . . N-Q4; 23 NxP, NxB; 24 RxN, R-KB1; 25 NxR, RxR; 26 N-N5! winning a piece), K-R1; 23 N-B4, N-K1; 24 R-N4! (the more sober Tal takes over and steers for a won ending), Q-K2; 25 NxR, NxN; 26 RxP, N-B4; 27 R-N4, R-Q1; 28 B-K5, P-B3; 29 B-B3, P-K4; 30 P-N3, P-R3; 31 K-N2, Q-K3; 32 Q-B4, Q-K1; 33 R-N6, R-B1; 34 Q-QR4, Q-Q1; 35 Q-K4, N-Q3; 36 Q-Q3, Q-B2; 37 B-N4, N-N4; 38 RxBP, P-R4; 39 B-Q6, NxB; 40 RxN, P-K5; 41 Q-Q2, Resigns.

POSITION No. 271

BLACK (10 men)

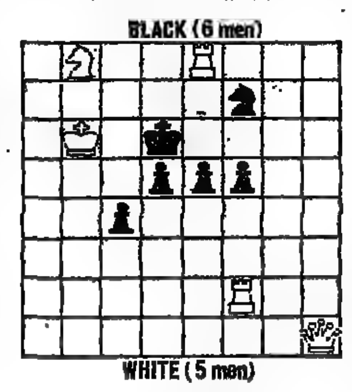


WHITE (9 men)

Van der Viel v. Agur, Leiden 1979. White (to move) sacrificed a pawn to reach this position where both sides have attacking chances. Who has the advantage, and how should the game continue?

PROBLEM No. 271

BLACK (6 men)



WHITE (5 men)

White mates in two moves, against any defence (by T. M. Browne, New York Albion 1860).

Solutions Page 16

BRIDGE

E. P. C. COTTER

A WEEK ago I was playing with a good partner when this deal occurred:

N.
♠ K Q 10 9 8 7 3
♡ A 5 3
◇ —
♣ 10 7 5

W.
♠ 6 5
♡ 7
◇ A K Q 10 8 6 4
♣ Q 8 2

E.
♠ 4 2
♡ Q 6 4 2
◇ J 5 3 2
♣ 9 4 3

S.
♠ A J
♡ K J 10 9 8
◇ 9 7
♣ A K J 6

At game in, my partner, North bid one spade. I forced with three hearts, and West came in with four diamonds. North now made a cue-bid of five diamonds, after which I said six clubs, and North corrected to six hearts. As there was a grand slam kitty at stake, I bid seven hearts, and all passed.

West led the spade six, won with the Ace, and I had to plan my campaign. All depended on *the trump position. I led the* Knave of hearts (well, you never know!) and when West contributed the seven, I overtook the dummy's Ace, returning the three and finessing the eight. When West discarded, the sun ceased to shine. I could enter the table with a spade and pick up East's Queen, but I would then be cut off from those lovely spade winners.

I cashed the Ace and King of clubs—if the Queen dropped, my troubles would be over—but only low cards appeared. Now the only hope was a trump coup, combined with a swindle.

Overtaking my spade Knave with the Queen, I continued with the King. East threw the club nine, and I threw a diamond. On the next spade East parted with a diamond, I with the club Knave, and at trick nine, when another spade was led, East threw a second diamond, and I ruffed—an essential preliminary to the proposed coup. I ruffed by diamond loser in dummy, and led another spade. At this moment, unfortunately, East realised that it was fatal to discard again and ruffed. I overruffed and drew her last trump, but I had to concede the losing club to West.

North's five diamonds was premature. She should bid four spades, which shows her strong suit, I would raise to five, and now she bids seven spades, and we collect the kitty! My partner was the first to agree with this suggestion.

The declarer who played the next hand still thinks he was unlucky:

N.
♠ J 9 3
♡ K 9 2
◇ 7 5 4
♣ A 9 7 3

W.
♠ Q 8 6 5 4
♡ Q 10 4
◇ 9 2
♣ Q J 10

E.
♠ A 2
♡ J 8 5 3
◇ K 8 6 3
♣ 8 4 2

S.
♠ K 10 7
♡ A 7 6
◇ A Q J 10
♣ K 6 5

With North-South vulnerable, South dealt and bid one no trump, North raised to two, and the opener rebid three no trumps.

West led the five of spades to East's Ace, and the spade return was ducked to the Queen, and a third spade cleared the suit. Obviously South had to assume that the diamond finesse would work, so he crossed to the heart King and led a diamond, finessing the ten in hand. He went again to the table with a club to the Ace, and led another diamond for a finesse of the Knave. The declarer now cashed the diamond Ace, but East's King was still guarded, and the contract was defeated. "Very unlucky," said South, "to find East with the diamond King so well guarded," and nobody contradicted him.

As so often happens, the declarer went wrong at the first trick. He should unblock his spade King on the Ace: if he does this, he creates a third entry to the table, and this will allow him to take three finesses in diamonds and make nine tricks.

Record for a Sargent

BY ANTONY THORNCROFT

It looks as if 1979 is going to be the year of John Singer Sargent. An *exhibition of his* portraits has just opened in Leeds, before coming to London, and on Thursday in New York his 1904 portrait of Millicent, Duchess of Sutherland, was sold to Kerr, a New York dealer, for £100,000, more than double the previous auction record for a Sargent. Another of his studies, of Mrs. Joshua Montgomery Sears, went for £88,729.

Both paintings were part of the Sonnenberg collection which is being disposed of by Sotheby Parke Bernet. The first five sessions this week have totalled £1,137,682. Among the pictures, a portrait of M. and Mme. Ramel by Ingres fetched £69,544 and a *portrait of Louis Narcotte de Quivieres by* Theodore Chasseriau, £48,921.

In London yesterday Christie's auctioned modern British pictures. The top lot, a rather attractive Augustus John "On the way to the sea" was bought in at £15,000 but the rest of the sale did well, a Montague Dawson marine picture "Far away: the Black Adder" making an artist record of £17,000, while Robert Bevan's "The Weigh House, Cumberland Street" sold for the same sum, and equalled the artist's best. Another record was the £8,800 paid by Frost and Reed for the Russell Flint watercolour "New model inspecting drawings." An Edward Seago landscape of a *Norfolk village* realised £6,500.

The Duchess of Sutherland

CONCERTS

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LONDON SYMPHONY ORCHESTRA
In the presence of H.R.H. The Prince of Wales
ANDRE PREVIN
VLADIMIR ASHKENAZY
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HAYDN-MOZART SOCIETY — WEDNESDAY 27 JUNE at 8 p.m.
LMP
LONDON MOZART PLAYERS
Conductor: HARRY BLECH
MOZART PROGRAMME
Divertimento in F, K.138; Piano Concerto No.27 in B flat, K.595
Flute Concerto in D, K.314; Symphony No.40 in G minor
TAMAS VASARY — CHRISTOPHER HYDE-SMITH
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BOOKING OPENS
during the coming week for the following concerts in
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Tues. 10 July 8.00 p.m.	PHILHARMONIA Charles Dutoit Pascal Rogé NPO Ltd.	Rossini .... Overture, William Tell Saint-Saëns .... Piano Concerto No. 4 Rimsky-Korsakov .. Scheherazade £4.20, £3.60, £3.00, £2.40, £1.80, £1.20 NOW AVAILABLE
Thurs. 12 July 8.00 p.m.	LONDON SYMPHONY Eduardo Mata Jack Brymer London Symphony Orchestra Ltd.	Mendelssohn ...... A Midsummer Night's Dream (excerpts) Mozart .... Clarinet Concerto Mussorgsky/Ravel .. Pictures from an Exhibition £4.20, £3.60, £3.00, £2.40, £1.80, £1.20 AVAILABLE FROM 12 JUNE
Sun. 15 July 7.30 p.m.	LONDON SYMPHONY Eduardo Mata London Symphony Orchestra Ltd.	Beethoven .... Symphony No.1 Beethoven .... Symphony No.9 (Choral) Phyllis Bryn-Julson, Helen Watts, Robert Tear, Malcolm King, London Symphony Chorus £5.00, £4.25, £3.50, £2.75, £2.00, £1.20 AVAILABLE FROM 15 JUNE
Sun. 17 July 8.00 p.m.	PHILHARMONIA Andrew Davis Stephen Bishop-Kovacevich NPO Ltd.	Weber .... Overture, Oberon Beethoven .... Piano Concerto No.4 Dvorak .... Symphony No.7 £4.20, £3.60, £3.00, £2.40, £1.80, £1.20 AVAILABLE FROM 17 JUNE

QUEEN ELIZABETH HALL

SATURDAY NEXT 16 JUNE at 7.45 p.m.
LONDON SINFONIETTA
Britten: Sacred and Profane*
Reimann: Invenzioni for 12 Players
London Sinfonietta commission: World premiere
Maxwell Davies: A Mirror of Whitening Light
Milhaud: La Creation du Monde
ELGAR HOWARTH conductor
* First appearance of
LONDON SINFONIETTA VOICES
£2.50, £2.00, £1.50, 95p from Box Office (01-928 3191) & Agents

SUNDAY EVENING 17 JUNE at 7.15
Park Lane Group in ass. with the Goethe Institut
first appearance in Great Britain of
THE TWELVE CELLISTS OF THE BERLIN PHILHARMONIC ORCHESTRA
Works by Funck, Klengel, Eder, Villa-Lobos, Blacher
Tickets: £2.80, £2.30, £1.80, £1.30, 90p
from RFH Box Office, SE1 8XX (tel: 01-928 3191) and all agents

TUESDAY 19 JUNE at 7.45 John Woolf presents
AN EVENING WITH THE PARK LANE MUSIC PLAYERS
Mozart, Marin Marais, Mozart, J. C. Bach, C. P. E. Bach, Schubert, Mozart.
£2.00, £1.70, £1.40, £1.20, 80p from Box Office (01-928 3191)

ROYAL ALBERT HALL

VICTOR HOCHHAUSER presents
TOMORROW AT 7.30
TCHAIKOVSKY
Nutcracker Suite — Piano Concerto No. 1
Capriccio Italien — Swan Lake
OVERTURE '1812'—Cannon & Mortar Effects
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BAND OF THE SCOTS GUARDS
GEORGE SINGER — PETER ARONSKY
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VICTOR HOCHHAUSER presents
SUNDAY 24 JUNE at 7.30
Overture, William Tell .... ROSSINI
Fantasia on Greensleeves .... VAUGHAN WILLIAMS
Piano Concerto in A minor .... GRIEG
Symphony No. 9 (from the New World) ...... DVORAK
ROYAL PHILHARMONC ORCHESTRA
ELLI JAFFE — IRENA ZARITSKAYA
Tickets: 75p, £1.00, £1.50, £2.25, £2.75, £3.25 (01-589 8212) & Agents

WIGMORE HALL

Tickets from Wigmore Hall, 36 Wigmore Street, W.1. (01-935 2141)
Manager: William Lyne — Mailing List £1 a year

Today 9 June 4.30 p.m.	SHERATON PIANO QUARTET Thomas Aslanoglou soprano Marina Koutouvali piano Terry Slasberg Agency	Piano Quartets by Loeillet Turina, Martinu; Lieder by Schumann, Weill & Loewe. Songs by Skalkottas, Margaritis and Stakianakis. Chausson: Chanson Perpetuelle Op.37 £2.20, £1.70, £1.20, 80p
Tonight 9 June 8.00 p.m.	ALBERT FERBER piano Jane Gray	Schubert: Impromptu in F minor, D.953; Sonata in A major D.959; Chopin: Nocturne Op.27 No. 1; Mazurka Op.24 No. 4; Sonata in D minor Op.58 £2.20, £1.70, £1.20, 80p
Sunday 10 June 7.30 p.m.	ALAN CUCKSTON harpsichord JANET LAMBALLE soprano Roger Vignoles piano £2.20, £1.70, £1.20, 80p	An evening of French music Harpsichord Suites by la Guerre & Antoine Forqueray, Poulenc: Fiancailles pour rire; Ravel: 5 Greek Folk songs; Songs by Faure & Debussy
Monday 11 June 7.30 p.m.	STEPHEN REYNOLDS piano £2.20, £1.70, £1.20, 80p Elisabeth Skinner Concert Management	Scarlatti: 4 Sonatas; Beethoven: Sonata Op.78; Franck: Prelude, chorale & Fugue; Faure: Nocturne No. 4 in E flat Op.36; Impromptu No. 2 in F minor Op.31 & works by Reynolds & Chopin.
Tuesday 12 June 7.30 p.m.	DUO KOTLIARSKAIA-COMESANA two violins £2.20, £1.70, £1.20, 80p Margaret Pacy Mgt.	Telemann: Sonata Canonica in G Spohr: Duo in C Op.9 Boccherini: Duo in E Op. 5 Hindemith: Kanonisches Vortragsstuck Prokofiev: Sonata for 2 violins Op.56
Thursday 14 June 7.30 p.m.	CAMERATA OF LONDON Basil Douglas Ltd.	The Art of the Renaissance Solo Song III Programme of rarely heard consort songs, sung in authentic pronunciation, and music by Gibbons, Dowland etc. £2.50, £2, £1.50, £1
Friday 15 June 7.30 p.m.	ERIC HILL guitar Basil Douglas Ltd.	Popular music for the guitar by Torroba, Turina, Rodrigo, Gershwin, Porter, Van Heusen and Ellington £2.20, £1.70, £1.20, 80p

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ENGLISH MUSIC FESTIVAL

22-30 JUNE

Fri. 22 JOHN SHIRLEY-QUIRK
Recital "A Shropshire Lad" & songs by Purcell
Tues. 26 PETER PEARS, RICHARD HICKOX ORCHESTRA
Britten "Illuminations." Elgar, Ireland, Bridge, Finzi.
Fri. 29 VISHNEVSKAYA & ROSTROPOVITCH
Sat. 30 HANDEL: JEPHTHA
Felicity Palmer, Sarah Walker, Charles Brett, Robert Tear, Stephen Varcoe, Richard Hickox Orchestra, St. Margaret's Westminster Singers. Conductor: RICHARD HICKOX

GABRIELI STRING QUARTET, JOHN McCABE, CLERKES OF OXENFORD, NASH ENSEMBLE, ENGLISH CONCERT, JANE MANNING, RICHARD RODNEY BENNETT.

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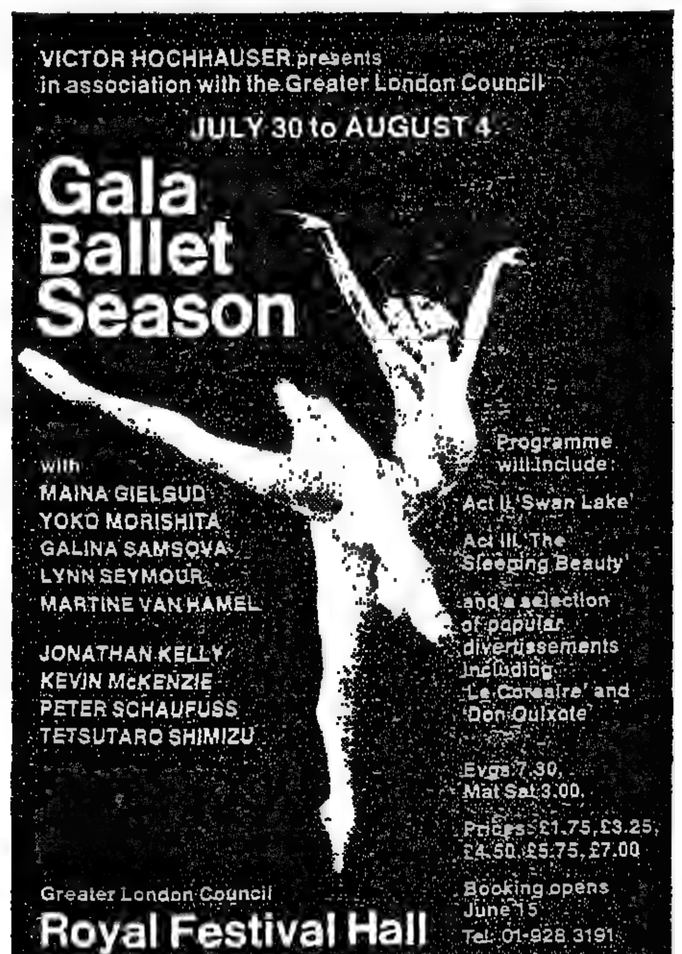

ARTS

Awards, affairs

It was a nice idea of the BBC and the publishers Eyre Methuen to honour the late Giles Cooper by establishing an annual series of awards for the best work in radio drama. Cooper's is the one name you can confidently quote in any argument about radio drama. Here was a playwright who produced a whole body of good work, making radio his main medium rather than just using it for the initial breakthrough or occasional foray. The first batch of Giles Cooper Awards covering last year's drama output were presented at a ceremony in Broadcasting House earlier this week; the winners were formally congratulated by Aubrey Singer and Ronald Mason for the BBC, by Mrs. Giles Cooper, and by Geoffrey Strachan, Managing Director of Eyre Methuen.

At the same time Mr. Strachan's company has brought

RADIO

ANTHONY CURTIS

out the texts of all the winning plays in *Best Radio Plays of 1978* (paperback £3.95) and *Pearl* by John Arden (paperback £1.95). Anyone who has ever thought he might have it in him to write a radio play—it is the one area of the theatre where the unknown writer does have his work seriously read and helpfully considered—could not do better than to obtain these two volumes and study them closely.

The novice will be struck by the bewildering variety of levels in radio drama. Anything goes on the air, provided it is good enough; and sometimes, we soured radio critics feel, even if it is not good enough. At one end of the scale among these winners you have a blazingly original work by a major British playwright like Arden's *Pearl* which plunged us into the England of 1630 with a real sense of the richness and pungency of the English tongue at that troublous time. Even now I would not be able to say precisely what *Pearl* was about, but I did find its brew of life and theatre, religion and rebellion, England and Ireland, puritanism and permissiveness, strangely satisfying.

Tom Mallin's was another original, at times opaque, talent fascinated by the mirror-effect of plays within plays. He was just coming into his own as a radio playwright at the time of his untimely death. He shares the Drama Now award for his play set in a convalescent home *Halt! Who Goes There?* with Don Haworth, an old hand who wins it for *Episode on a Thursday Evening*.

The awards were given purely on the merits of the play's text not the production and the aim was to give one for each of the regular categories of radio drama. Thus for the Monday Play it was Jennifer Phillips's *Daughters of Men* for Saturday Night Theatre, *Remember Me* by Jill Hyem, for Afternoon Theatre, *Polaris* by Fay Weldon, and for Thirty-Minute Theatre, *Is It Something I Said?* by Richard Harris. I heard several of the list when they were first broadcast and I would wish to demur mildly against the judges' decision. I thought there were several plays about broken marriages and/or social workers as good as *Daughters of Men*, though it did transfer successfully to the stage at Hampstead; and as an exercise in suspense, *Remember Me* creaked. Still, it is the function of awards to provoke disagreement and these new ones are welcome evidence of the current renaissance of radio drama.

One thing radio playwrights find difficulty in achieving is comedy. There are precious few laughs among these plays whatever their level of demandingness. It can be done, though, even if it means returning to familiar territory, as Bernard Kops proved in *Bournemouth Nights* (Radio 4 UK, June 2), this week's Saturday Night Theatre piece. The New California Hotel where the comedy is set has an exclusively Jewish clientele and boasts a three-piece dance band which plays every night in the ballroom. Most of the guests are on first-name terms with each other and it would be difficult for anyone to strike an acquaintance with another guest without it becoming instant gossip. When a Dr. Simon Barnett arrives and makes his approaches to a love-starved widow called Sarah the inmates really have something to get their teeth into. And when you have performers of the calibre of Warren Beatty and Maria Charles to portray these mature lovebirds the fun, if not fast and furious, is agreeable and well-observed. Snatches of dance rhythm and crooning from Joe Melia's bandleader and his boys were a neat, ironic interruption to such action as there was. Mr. Kops once wrote a play called *The Hamlet of Stepney Green*: this was *The As You Like It of Branksome Chine*.

Leonard Burt

Katia Ricciarelli and Placido Domingo

Luisa Miller at Covent Garden

The revival at Covent Garden of last season's *Luisa Miller*, already seen on television, is well worth catching. The cast is if anything even more starry than before, with Renato Bruson as father Miller and Domingo succeeding Pavarotti and Carreras as Luisa's lover Rodolfo, disguised as a country lad but really the son of the wicked Count Walter. On Thursday Domingo was in splendid voice, full and golden for the most part, but with a touch or two of asperity when approaching climaxes that made one wonder if this is not exactly what his singing sometimes lacks. An abundance of ease can grow monotonous. As usual the tenor was effortlessly musical. He went through Rodolfo's protracted death agonies with dignity.

Luisa grows steadily in the affections as one of the most lovable of Verdi's operas, exploring the vein of intimacy that was presently to flower in *La traviata*. The most typical music goes to the heroine, once again sung by Katia Ricciarelli, even more limpid in tone, more expressive in words and phrasing, than before. Just occasionally part of a phrase may be rather hazily defined—but in this role such passing clouds, dramatically at least, are not out of character. Bruson's dark, cello-like baritone is very beautiful, laden with sorrow and paternal grief to which perhaps he yields too easily for an old campaigner.

Gwynne Howell and Richard Van Allan repeat their studies of the Count and his vile steward, Wurm. Mr. Van Allan

OPERA

RONALD CRICHTON

has filled out his portrait of a not easily credible character. Elizabeth Connell sweeps grandly about as Federica d'Ostheim, of whom we see too little to make much sense. Anne Wilkens sings the tiny part of Laura with a confidence that justifies quick promotion.

Filippo Sanjust's quietly picturesque production and designs again give quiet pleasure. I particularly like the increasing emptiness of the rooms of the guilty Count's family seat. Others disagree, but I can't see why a castle in the 17th century Tyrol should be stuffed with cosy suburban comforts. Maazel's brisk conducting has clarity and vivacity but is sometimes snappy and even (those merciless brass chords!) vulgar. One minor mystery remains from last time. How comes it that what look suspiciously like pen drawings by the designer Ernst Stern who flourished in our century are captioned in the programme as "engravings" from the "first edition" of the Schiller play on which *Luisa Miller* was based?

Arts Council appointment

The Arts Council has appointed Mr. Richard Pulford, a senior civil servant at the Department of Education and Science, as its new deputy secretary general. He will take up his appointment next month. Mr. Pulford succeeds Angus Stirling who is moving to the National Trust as deputy director-general.

Grieg, Nielsen and Sibelius

As a recipe for a safe Scandinavian evening it could hardly be faulted: take Grieg, Nielsen and Sibelius, and shake well. On Thursday evening that mix was offered by the Royal Philharmonic Orchestra under Walter Susskind: but well shaken though it may have been, the result was not notably stirring.

After Grieg's very long and monochrome set of four Norwegian Dances—far apter on the piano(s) for which they were originally conceived—the flute player James Galway was brought on stage to raise our spirits with Nielsen's flute concerto. He tried hard: swaying and twirling, and whistling out forcefully that weird *onde martenot* tone of his in the high registers—a little short in the wind, maybe, in the longest phrases, but nothing that a brief course in circular breathing could not cure. But the music eventually defeated him: another earnest Nielsen potpourri of dying petals, dying colours and cadences, a sweet fall of greyness.

Nielsen's flute concerto, if indeed it is for anybody, is not for Galway. But the evening's proper business was yet to come. James was quickly back to trill a bit of lighter stuff, and receive the award, for services rendered to the spirit of Max Jaffa the world over, of ISM "Musician of the Year." There was no demur, and much merry laughter, from the gathered throng.

The audience thinned out noticeably then for Sibelius's first symphony—it begins, after all, with a song for solo clarinet, not solo flute, and flute fans are notoriously loyal to their instrument. They did not, as it happened, miss much: a routine account, no more, of the symphony, remarkable chiefly for its absences—of full-blooded string tone; of any manner of fierceness or urgency; of dramatic presense, and generally of sensitive lyrical shaping.

DOMINIC GILL

Grease slides back

Grease has slid back into London, presumably for the tourist trade. On its first appearance in 1973 it made little impact. But one of the most successful movies in history, and John Travolta, and a long and continuing run in New York, has persuaded Backstage Productions that there is still some oil at the bottom of this particular well. It is likely to prove an illusion.

Leonard Burt

Jacqueline Reddin and Michael Howe

The movie *Grease* transformed the stage musical *Grease* from a goose into a swan. For once a multi-million budget worked wonders. But what really gave the movie appeal was the lack of reverence brought to it: no one could believe that Travolta and Olivia Newton-John were teenagers. It was all a good natured, pretty, spoof but with Hollywood professionalism in the dance sequences and special effects. The shoe-string version of Grease now at the Astoria looks very anaemic in comparison and has also lost the freshness of the original theatrical production.

The young cast tries hard but the production continually apes the movie to little effect. A completely new approach was essential to dispell the memory of big production numbers like *Summer Nights* and the *You're the one that I want* climax. Here they look like early rehearsal run-throughs. Only in the more intimate numbers, such as tough girl Rizzo's moment of truth, *There are worse things I could do*, does the play before you take on an existence of its own.

A really stunning performance might have helped, but no one makes an impact. Michael Howe dances well, when allowed, as Danny, and Jacqueline Reddin, looking much too like Newton-John, is suitably wet. Hilary Labow as Rizzo and Richard Piper also attract the attention. For the rest there is just the speculation as to what on earth such an amoral musical—only when a nice girl becomes a tart can she get her man—is doing as a pre-teen birthday treat.

ANTONY THORNCROFT

More funds for Notting Hill carnival

The Arts Council decided at its meeting last Wednesday to increase its grant to the Notting Hill Carnival by nearly 43 per cent from £14,000 last year to £20,000. This year, the council will give the Carnival's two organising committees and 17 of its bands a total of £20,000 but it expects that the Carnival organisers will also make applications for funds to the Greater London Council, the Borough of Kensington and Chelsea, the Commission for Racial Equality and to commercial sponsors.

The council also urges the two organising committees, the Carnival Development Committee and the Carnival and Arts Committee to merge.

TV Radio

BBC 1

7.15-8.30 am Open University (Ultra high frequency only). 9.00 Camberwick Green. 9.15 Laff-a-Lympics. 9.35 Tabitha. 10.00 Play Sport. 10.28 Weather.
10.30 Grandstand: World Cup Cricket (10.35, 1.50, 2.20, 2.50) The Prudential Cup: England v Australia; India v West Indies. Water Skiing (1.15) The Old Spice International. Racing from Haydock Park (1.35, 2.05, 2.35); 4.55 Final Score.
5.05 Barney Bear.
5.15 News.
5.25 Sport/Regional News.
5.30 The Hardy Boys and Nancy Drew Mysteries.
6.20 Saturday Night at the Movies: "The Buccaneer" starring Yul Brynner.
8.15 The Paul Daniels Magic Show.
8.45 Sword of Justice.
10.20 News.
10.30 Saturday Night at the Mill.
11.20 Rod Stewart in Concert.
12.10 am Weatherman.

All Regions as BBC1 except at the following times:

Scotland—12.10 am News and Weather for Scotland.

Wales—9.00-9.15 am Heads and Tails. 12.10 am News and Weather for Wales.

Northern Ireland—5.23-5.30 pm Sport/News for Northern Ireland. 12.10 am News and Weather for Northern Ireland.

BBC 2

7.40 am-3.10 pm Open University.
†3.10 pm Saturday Cinema: "Now and Forever" starring Shirley Temple, Gary Cooper and Carole Lombard.
4.30 World Cup Cricket: The Prudential Cup: England v Australia and India v West Indies.
7.30 News and Sport.
7.40 Assignment.
8.10 Word for Word.
8.45 The Hollywood Greats: Jean Harlow.
9.35 Jazz from the Montreux Festival, with Chicago Blues All Stars.
10.15 On the Record.
10.45 World Cup Cricket (highlights).
11.45 News on 2.
†11.50 Midnight Movie: "Reckless" starring Jean Harlow.

LONDON

8.35 am Sesame Street. 9.35 The Fantastic Four. 10.00 Superman. 10.30 The Mersey Pirate.
12.30 World of Sport: 12.35 International Sports Special (part 1); 1.15 News; 1.25 Football—European Championship highlights; 1.35 Racing from Epsom (1.45 race); 1.55 Target Diving—World Invitational Championship from Orlando, Florida; 2.10 Racing from Epsom (2.20, 2.55 races); 3.10 International Sports Special (part 2); 4.55 Results Service.
5.05 News.
5.15 The Masterspy.
6.00 Mork and Mindy.
6.30 Kidnapped.
7.00 Chopper Squad.
8.00 Celebrity Squares.
8.30 Lovely Couple.
9.00 News from ITN.
9.15 Atom Spies.
11.00 Look Here.
12.00 Stars on Ice.
12.30 am Close: Personal choice with Martin Jarvis.

All IBA Regions as London except at the following times:

ANGLIA

9.05 am Invasion Road. 9.35 Buying and Selling a House. 10.00 Clue Club. 5.15 pm Mork and Mindy. 5.45 The Masterspy. 7.00 The Life and Times of Grizzly Adams. 8.00 Celebrity Squares. 11.00 On The Road. 12.00 Police Surgeon. 12.30 am At the End of the Day.

ATV

8.55 am A Question of Sex. 9.35 Buying and Selling a House. 10.00 Superman. 5.15 pm Bugs Bunny. 5.25 The Life and Times of Grizzly Adams. 6.20 Mork and Mindy. 6.50 The Masterspy. 7.30 Kidnapped. 11.00 Westside Medical.

BORDER

9.35 am The Lost Islands. 10.00 The Beachcombers. 5.15 pm Mork and Mindy. 5.45 The Masterspy. 7.00 The Six Million Dollar Man. 11.00 Moira's Scottish Song Box.

CHANNEL

12.18 pm Puffin's Pla(i)ce. 5.19 Mork and Mindy. 5.50 Lucan. 6.50 The Masterspy. 7.30 Kidnapped. 11.00 Celebrity Concert (Jose Feliciano). 12.00 Hemdale Hall Hour.

GRAMPIAN

9.30 am Sesame Street. 7.00 pm Chips. 11.00 Look Here. 12.00 Police Surgeon. 12.30 am Reflections.

GRANADA

9.35 am Early Musical Instruments. 10.05 Happy Days. 5.15 pm Mork and Mindy. 5.45 The Masterspy. 7.00 Chips. 11.00 Celebrity Concert with Roger Whittaker. 11.55 The Midnight Film: Boris Karloff in "The Sorcerers."

HTV

9.05 am Invasion Road. 9.30 The Beachcombers. 9.55 Mr. Magoo. 10.05 Dynomutt the Dog Wonder. 5.15 pm Cartoontime. 5.20 Chips. 6.20 Mork and Mindy. 6.50 Masterspy. 7.30 Kidnapped. 11.00 Streets of San Francisco.

HTV Cymru/Wales—As HTV General Service except 6.20-6.50 pm Pwy Fase 'n Meddwl?

SCOTTISH

9.15 am The ... of Wee Kitty. 9.35 Cudy R. 5.15 pm Mork and Mindy. 5.45 The Masterspy. 7.00 Chips. 8.00 Lovely Couple. 8.30 Celebrity Squares. 11.00 Late Call. 11.05 Power Without Glory. 12.05 am Police Surgeon.

SOUTHERN

9.00 am Sesame Street. 10.00 Bailey's Bird. 10.27 Regional Weather Forecast. 5.15 pm Mork and Mindy. 5.45 The Masterspy. 6.50 The Bionic Woman. 7.30 Kidnapped. 11.00 Southern News. 11.05 Fantasy Island. 12.00 Bygones.

TYNE TEES

9.00 am Saturday Shake-up. 9.05 The Man from Atlantis. 10.05 Saturday Shake-up. 10.15 Saturday Morning Film "The Most Dangerous Man in the World," starring Gregory Peck and Anne Heywood. 11.50 Sam. 12.15 pm Saturday Shake-up. 5.15 Happy Days. 5.45 The Masterspy. 7.00 Chips. 8.00 Lovely Couple. 8.30 Celebrity Squares. 11.00 Celebrity Concert—Al Martino. 12.00 Out Of Town. 12.30 am Epilogue.

ULSTER

9.55 am Catch '79. 10.20 Little House on the Prairie. 11.30 Sesame Street. 5.15 pm Happy Days. 5.45 The Masterspy. 7.00 The Six Million Dollar Man. 7.55 Sports Results. 11.00 Celebrity Concert.

WESTWARD

9.25 am Saturday Morning Picture Show: "The Ghost and Mr. Chicken." 10.55 Look and See. 11.00 Untamed World. 11.25 Gus Honeybun's Birthdays. 11.35 Tarzan. 12.27 pm Westward News. 5.15 Westward News. 5.19 Mork and Mindy. 5.50 Lucan. 6.50 The Masterspy. 7.30 Kidnapped. 11.00 Celebrity Concert (Jose Feliciano). 12.00 Hemdale Hall Hour. 12.25 am Faith For Life. 12.30 West Country Weather.

YORKSHIRE

9.00 am Cartoon Time. 9.10 Spiderman. 9.30 Space 1999. 5.15 pm Mork and Mindy. 5.45 The Masterspy. 7.00 Chips. 8.00 Lovely Couple. 8.30 Celebrity Squares. 11.00 Celebrity Concert featuring Roger Whittaker. 12.00 The Odd Couple.

RADIO 1

(S) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 7.03 Playground. 8.00 Ed Stewart with Junior Choice. 10.00 Peter Powell. 1.00 pm Adrian Juste (S). 2.00 Paul Gambaccini (S). 4.00 Rock On (S). 5.30 It's Rock 'n' Roll (S). 6.31 In Concert (S). 7.30 Chris Jones. 10.00 Discovatin'. 12.00-5.00 As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Paddy O'Byrne (S). 8.06 David Jacobs (S). 10.02 Kevin Morrison (S). 12.02 pm Tim Rice chooses records (S). 1.0.. The News Huddlines. 1.30-6.00 Sport on 2: World Cup Cricket (1.30, 2.00, 2.25, 3.00, 5.00, 5.45) Prudential World Cup, plus news of the day's county programme; Racing from Epsom (1.30, 2.15, 2.50), plus results from other meetings, classified check 5.45; Tennis (1.30, 2.00, 2.25, 3.00, 5.00) The French Open; Cycling (1.30, 2.00, 2.25, 3.00, 5.00) The 1979 Milk Race; plus news of golf and preview of international football. 6.03 Europe 79. 7.02 Three in a Row. 7.30 Sports Desk. 7.32 BBC International Festival of Light Music concert, part 1. "Music from the Movies" (S). 8.30 Steve Race reflects. 8.50 Concert, part 2: "Melodies for You." 10.02 Saturday Night with the BBC Radio Orchestra (S). 11.02 Sports Desk. 11.08 Ray Moore with the Late Show (S), including 12.00 and 12.05 am Motor Sport (news of the Le Mans race). 2.02-5.00 You and the Night and the Music with Bill Rennells (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 10.35 World Cup Cricket: The Prudential Cup commentaries, reports. 3.00 pm Abbado and the LSO, part 1: Rachmaninov (S). 3.35 Charles Eames (appreciation by John Donat). 3.55 LSO, part 2, Prokofiev (S). 9.45 The Prince is in the Audience (short story). 10.00 Brahms chamber music (S). 10.30 Beachcomber. Tribute to J. B. Morton (S). 11.00 Sounds Interesting (S). 11.55-12.00 News.

VHF with Medium Wave except at the following times: 6.00-8.00 am Open University. 10.35 Stereo Release (S) (continued from Medium Wave). 11.45 Robin Ray chooses records (S). 1.00 pm News. 1.05 Haydn Quartets (S). 2.05 Man of Action: Judge Christmas Humphreys chooses records (S). 3.20 Rossini's Stabat Mater (S). 4.30 Brahms piano recital (S). 5.00 Jazz Record requests (S). 5.45 Critics' Forum. 6.35-7.00 Baroque Concertos (S). 7.00-8.00 Four Times Three (S).

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather; Programme News. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's A Bargain. 7.55 Weather; Programme News. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Beamed From Europe. 9.00 News. 9.05 International Assignment. 9.30 Talking Politics. 9.55 News Stand. 10.15 Daily Service. 10.30 Pick of the Week (S). 11.20 Time for Verse. 11.30 Wildlife. 11.55 Sounding Off. 12.00 News. 12.02 pm Away From It All. 12.27 I'm Sorry I Haven't A Clue (S). 12.55 Weather; Programme News. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 Bookshelf. 2.30 Saturday Afternoon Theatre. 3.30 Does He Take Sugar? 4.00 Zbigniew Brzezinski, adviser on national security at the White House in interview. 4.45 Down the Garden Path. 5.00 Kaleidoscope Encore. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.15 Desert Island Discs with Ian Carmichael. 6.50 Stop the Week with Robert Robinson. 7.30 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Offshore Britons. 11.00 Lighten Our Darkness. 11.15 The Life and Times of the Orchestra (S). 11.45 Just Before Midnight (S). 12.00 News.

TV RATINGS w/e June 6

UK TOP 20 (Viewers m)

1	European Cup Final (BBC)	14.75
2	Coronation Std. (Wed) (Gran)	14.45
3	Crossroads (Wed) (ATV)	13.10
4	Crossroads (Thur) (ATV)	12.85
5	That's Life (Mon) (BBC)	12.45
6	Crossroads (Tue) (ATV)	12.20
7	Wildlife On One (BBC)	12.00
7	Hazell (Thames)	12.00
9	Coronation St. (Mon) (Gran)	11.70
10	Don't Just Sit There (Yorks)	11.55
11	Crossroads (Mon) (ATV)	11.40
12	Emmerdale F'm (Tue) (Yorks)	11.10
13	Emmerdale F'm (Thu) (Yorks)	11.05
14	In Loving Memory (Yorks)	11.00
15	Centennial (Mon) (BBC)	10.85
16	Kaleidoscope (BBC)	10.80
17	Top of the Pops (BBC)	10.75
18	Bob Hope (ATV)	10.70
19	Nine O'Clock News (Tue) (BBC)	10.55
20	Winner Takes All (Yorks)	10.35

Figures prepared by Audits of Great Britain for the Joint Industry Committee for Television Advertising Research (JICTAR).

WEEKEND CHOICE

SATURDAY Apart from Anglia's play tonight's schedules suggest an ideal evening for going out to dinner. The play, **Atom Spies**, about Klaus Fuchs is by Ian Curteis who wrote "Philby Burgess And Maclean." **SUNDAY** **The Danedyke Mystery** (ITV 5.30) revives the idea of the detective priest with the Rev. Septimus Treloar played by Michael Craig who also plays Bruno Pontecorvo in **Atom Spies**. At 7.25 BBC2's almost invariably admirable **World About Us** looks at butterflies, and at 7.45 ITV screens one of the (rightly) rare **Columbo** TV movies. **The Mallens** which starts on ITV at 9.00 is adapted from Catherine Cookson's "story of scandal, passion and romance," set in 19th century Northumberland. Full of ruthless squires and wastrel sons, it sounds ominously like the last score of TV serials, but it does come from Granada which is usually a good sign. ITV starts **News At Ten And Europe Decides** at 10.00 and BBC1 has **The News and Decision Europe** at 10.30.

C.D.

CHESS SOLUTIONS

Solution to Position No. 271

White won by 1 Q—R4, R-K5; 2 QxN (not 2 QxP, RxR; 3 B-R6, R-KN5), RxR; 3 Q-N3 ch, Resigns (K-B1; 4 RxP ch, K-K1; 5 Q-N8 mate or 3 . . . K-R1; 4 B-R6).

Solution to Problem No. 271

1 Q-K4, QPxQ; 2 R-Q3, or if BPxQ; 2 R-B6, or if P-B6; 2 Q-N4, or if P-Q5; 2 Q-B6, or if P-B5; 2 Q-N6, or if N moves 2 QxKP.

CINEMAS ARE CONTINUED ON PAGE 30

COLLECTING

Ways with hair

BY JUNE FIELD

IN THE 1770s if a woman wearing an outrageously high headdress couldn't fit into her carriage, she ordered her coachmaker to make the vehicle taller, not her hairdresser to lower her hairdo!

A delightful late 18th century print, *Modern Head-Dress or Folly of 1772*, showing "A Lady giving Orders to her Coachmaker to heighten her Carriage" illustrates perfectly the bizarre hair styles of the Georgian period which caused Mary Granville Delany to write from London to a friend: "I hear of nothing but balls and high heads—*so enormous* that nobody can sit upright in their coaches, but *stoop forward* as if they had got the children's *chollick*."

The print, together with 44 others in similar vein, dated from 1770 to 1820, were used by 19th century novelist Mrs. Louisa Parr to illustrate a series of fashion articles in the *Pall Mall* magazine. Bound in with the appropriate written material, by Zaehnsdorf, signed and dated in the binding, 1896, they will be for sale on Baynton-Williams stand at the Antiquarian Book Fair which opens at the Europa Hotel, Grosvenor Square, London, W.1, on Tuesday until Thursday inclusive.

In one article Mrs. Parr quotes Fairholt in the *History of Dress* as admitting that the hair fashions of the time were really worn, and "not such fanciful satires as he had imagined them to be." A lady perfectly remembered her mother's wearing a sow and pigs, made of blown glass, in the curls of her high headdress."

Mrs. Parr went on to describe the quantities of powder and pomatum needed to keep "these mimic wonders in place," referring to a dialogue between a Miss Featherhead and Miss Giddy, with the latter bemoaning: "My face cost me more than I can well spare; indeed, that and my whole head together stand me in more than I can recken. These French hairdressers are so monstrous expensive." Yet when she "only went one day with my hair dressed by an English fellow, I was quite ashamed of myself, and looked for all the world as if I had come out of one of those Chelsea Bun-Houses on a Sunday!"

Mrs. Parr was the only child of Matthew Taylor, R.N., and first found fame in 1868 when her short story "How it all happened" was published in *Good Words* under the pseudonym Mrs. Olinthus Lobb. It caught the eye of the editor of the *Journal des Débats*, who reprinted it in French, then coming to the attention of the Queen of Würtemberg, who asked for it to be translated into German. It was later issued in America in pamphlet form. The next year Miss Taylor married George Parr, a doctor and collector of early editions of works on London. In 1871 she had a great success with *Dorothy Fox*, a novel of Quaker life, followed by *Adam and Eve, a story of Cornish smuggling*. She died in 1903.

Also at the Fair will be such William Morris memorabilia as Edward J. Reuter's beautiful illuminated manuscript lamenting his death: "Mourn ye for him ye fabulous ones of old ..." which is being brought over from Copenhagen by Branners Bibliofile Antikvariat, and Morris's *Poems by the Way*: "Shall we wake one morn of spring, glad at heart of everything." One of 300 copies, the second book that Morris produced for the Kelmscott Press, 1891: it is being exhibited by J. Clarke-Hall, 7, Bride Court, EC4.

The Antiquarian Book Fair, whose total turnover has more than doubled in the last six years—in 1978 it was £661,500—is celebrating its 21st anniversary. Raymond O'Shea of Baynton-Williams, chairman of the Book Fair committee, feels that in the general field of antiques, antiquarian books are still down-market: "That means that it is possible for book lovers of modest means to build up a collection for their own enjoyment as well as perhaps for investment."

"Folly of 1772," one of 45 prints bound in with articles from The Pall Mall magazine by Mrs. Louisa Parr, for sale on Baynton-Williams stand at the Antiquarian Book Fair which opens Tuesday until Thursday inclusive at the Europa Hotel, Grosvenor Square, London W1 (detail).

Parting with books though, is not as easy as parting with works of art, as Lord Eccles so rightly declared in the chapter on books in *On Collecting* (Longmans, Green 1968), still appropriate reading:

"One method which has proved very satisfactory is to buy duplicates, when the second copy is in better condition than the first, or, given its condition, decidely cheaper. I use duplicates as ammunition for replenishing my fund; and in a market which has advanced so steadily I seldom fail to get enough for the duplicate to pay for both copies, leaving the better to wink at me from the shelf as much as to say 'I cost nothing'."

A sentiment which will presumably be echoed by Lord Bath, who is selling duplicates from the library at Longleat House on Monday at Sotheby's, 34 and 35 New Bond Street, W1. Lord Bath admits that ever since he inherited the responsibility of looking after Longleat, he had always sworn that he would never part with any of the contents, however trivial.

"Now, unfortunately, I have to break that vow. Owing to the ever growing rate of taxation, the yearly automatic increase in wages and the inflationary rise in prices in everything that has to be purchased in order to maintain the House, I now find it impossible to meet the added expenses without having to take these drastic steps. My only consolation is that all the books I am selling are duplicates and, therefore, are not of irreparable loss to Longleat's library. I only hope that they find a good home to go to."

For your reading list: *Book Collecting—A Beginner's Guide* by Seumas Stewart (David and Charles, 1972); *The Country Life Book of Book Collecting* edited by Richard Booth (1976, Hamlyn); *Collecting Modern First Editions* by Joseph Connolly (Studio Vista, 1977); *Book Collecting — A Modern Guide* edited by Jean Peters (1977 Bowker); and *Book Dealers' and Collectors' Year-Book and Diary 1979* (£3 post free from Sheppard Press, P.O. Box 42, Russell Chambers, Covent Garden, London WC2).

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Saturday June 9 1979

Old problems upside down

THE MARKETS reactions to the appalling trade figures for the first quarter of this year was much more sophisticated than some of the initial comments. There was talk of an old-fashioned squeeze, as if we were facing an old-fashioned sterling crisis; but prices carried a different message. Sterling, and gilts after an initial wobble, took the news with remarkable *sang froid*. Equities fell and went on falling. This was an appropriate reaction. The figures could be dire news for industry, but are in a way a back-handed compliment to the strength of a financial system nourished on rising doses of oil.

Policy limits

The reason why the news came to most observers as such a shock is that it broke, belatedly, out of an apparently blue sky. There were few of the usual warning signs of a large swing in the balance of payments. Bank lending, it is true, has been growing apace; but Government funding, in the period covered by the figures, was also very heavy. Both monetary growth and domestic credit remained more or less within their policy limits. Yet the economy as a whole was living above its means at an annual rate which may have been as high as £4bn a year, according to the official commentary on what remains a patchy and distorted set of figures.

What is still stranger, by the standards of the past, is that while all this overspending was going on, there was not the faintest echo from the exchange markets. On the contrary, a current account deficit approaching £80m a week was absorbed in the exchange markets not only without effort, but in a persistently rising market. The reserves did not fall, they rose. What we are facing is a sterling problem of a quite new kind.

The clue to these strange events is in the capital account. Foreign investors and multinational companies, who like to move ahead of events, were happy to bring in more than enough currency to finance our large excess of imports—and in some important cases, such as Ford, the multi-nationals were actually responsible for the imports themselves, to make up for production lost in the winter.

Into surplus

What dominates the view of sterling as seen from abroad is oil. The oil deficit in the first quarter was some £260m less than the average for 1978, but this is only the beginning. In due course the remaining deficit will be wiped out and turned into surplus; and the rising price of oil amplifies the swing involved.

Furthermore there have been distortions in the non-oil account. Despite labour troubles, the rise in sterling, and the collapse of an important market like Iran, it is clear that the adverse swing in the non-oil trade balance of £1.4bn between the last three months of 1978 and the first three of this year must be a gross exaggeration of the underlying trend. Exports have subsequently bounced back, and the rebound is expected to persist for a time. The pre-budget shopping boom, notably in cars, and the exceptional clearances of drink through Customs, have inflated the import bill.

The long-term problem is quite different. Our temporary good fortune with oil argues that we should contrive to run a fairly substantial balance of payments surplus for a period, using the windfall to repay old debts and build up capital. But if the currency markets are apparently in equilibrium, or in our favour, over a period of disruption and deficit, how will they react to our efforts to get into surplus? These are the problems of a strong currency, long familiar to the authorities in Germany and Switzerland; and through no merit of our own, we seem to have been drafted temporarily into the club. We have yet to learn to live by the rules.

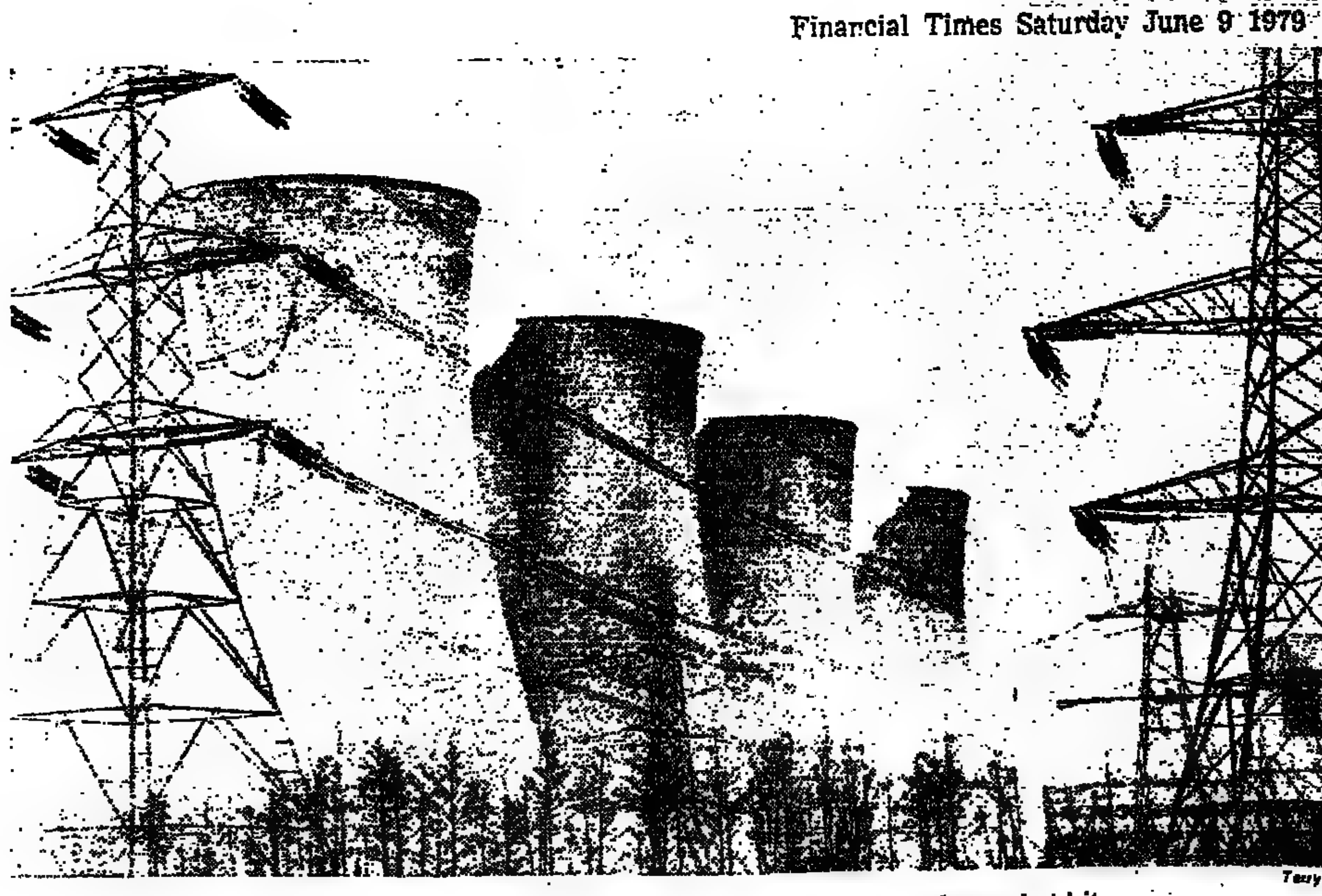
Carefree inflation

One of the rules is that a strong currency country cannot afford to indulge in carefree inflation of wage costs. That is why the message for manufacturing industry is so forbidding. It also means taking steps to offset the upward pressure of international demand on the exchange rate, by positive encouragement, if necessary, of outward flows—by relaxing exchange controls, to permit private capital to flow both ways, and perhaps by repaying debt and building up official reserves. It means relying on fiscal restraint rather than high interest rates to ensure that we live nationally within our means—for high interest rates stimulate further inflows.

It means, in short, turning a lot of old rules on their head. But one rule stands: that we should live within our means. In that respect, it is the absence of a financial crisis which is forbidding: it would be only too easy to allow North Sea oil to finance a national binge. To refrain will require political will.

Pips will squeak when the coal price rises

BY JOHN LLOYD



The CEGB is boxed by the equation: dearer oil=dearer coal=dearer electricity.

Terry Kirk

THE DISCLOSURE yesterday that the coal price to Britain's power stations is expected to rise soon by between 10 and 14 per cent, with a consequent increase in electricity prices to the consumer of around 4 per cent, is the latest effect of the oil crisis. It will add extra pressure on the Retail Prices Index and no doubt on wage demands as well.

The arguments which surround the expected rise are conducted between the National Coal Board and the Central Electricity Generating Board, the NCB's largest and now virtually captive customer. While a new oil crisis has been the stimulus to the latest intense discussions between them, the terms of their conflict tend to fall in familiar grooves. Indeed, both corporations have seen the rise coming for months.

Oil sets the rough level of what the NCB charges the CEGB for its coal. The coal:oil price ratio is central to the NCB's market planning. Because of factors like greater ease of handling and higher efficiency in the burn, coal must have a significantly lower price than oil if it is to be equally attractive to the CEGB.

In February, Sir Derek Ezra, giving rather gloomy evidence to the Common's Select Committee on Nationalised Industries, said that the coal:oil price ratio was 0.89.

He went on to say that the great advantage coal had over oil in the period immediately after the OPEC price increases of 1973-74 had been progressively eroded by the rise of the price of coal and the fall in the dollar.

"In looking to the coming year," he said, "we think that, on the one hand, the continued apparent weakness of the dollar will hold down the price of oil. On the other hand, there are the OPEC increases which will to some extent counter that." Asked by Mr. Tim Renton MP, a Conservative member of the committee, "If oil prices do strengthen very substantially (as they may in the course of 1979), would you consider this a fair commercial opportunity to raise coal prices relatively substantially?" Sir Derek replied: "I think we would have to consider that very seriously; because we are obliged to go to the Government for increased grants. I think it should be our objective by proper commercial means, to reduce that increased charge on Government funds."

The warning was clear and public. A month later, in March, the NCB raised its prices by 9 per cent and threatened another rise before the year was out. Now, it is about to fulfil that threat: the coming rise will be even steeper. Even more alarming to the generating board, the NCB is again unlikely to promise to hold prices until next March. This is a squeeze of the pip-squeaking kind.

It will of course, assist the Coal Board's cash position. Over the past financial year, the NCB will show a relatively modest loss, probably less than £50m. In the current year, however, it is heading for a huge loss of over £400m, before price rises and government grants are taken into account. It is that figure which the Board is trying to whittle away.

The cost of the bonus

These loss levels are a product: (a) of steeply rising material and equipment costs; (b) of rising labour and miners' pension costs; and (c) probably the crucial factor—the cost of the bonus incentive scheme for the miners. While there has been no admission from the board that the scheme is not paying its way, it seems clear, after nearly 18 months of operation, that it is not.

Over the first four months of this year, production and *productivity* were both below the levels of the same period last year. The bonus payments, however, continued.

There is no reason to assume that the miners are not earning their bonus payments according to the yardsticks set by the NCB. It is the yardsticks themselves which must be judged as not being graded finely enough. The board will almost certainly seek to alter them as its area productivity agreements with the National Union of Mineworkers come up for review.

But though recognising the NCB's difficulties the CEGB does not like the sound of squeaking pips and is now bending its considerable talents to find relief. However, its freedom to do so has been severely curtailed. Earlier this year, Mr. Anthony Wedgwood Benn, then Energy Secretary, committed himself at a meeting to the International Energy Agency to shave 2.5m tonnes off the UK's power station oil burn; in its place, the CEGB agreed to burn 5m more tonnes of coal, bringing its already record target burn of 75m tonnes up to 80m tonnes. Of that figure, the coal board committed *itself* to supply 75m tonnes.

In theory, the shortfall should be made up by some 1.5m tonnes from non-NCB private mines; about the same from imports, largely from Australia; and the balance drawn from stocks.

In practice, a number of factors are likely to work against that. First, the bitter winter, and the drop in NCB production and productivity have meant that stocks are at their lowest point for years and should be replenished, not drawn from further. Second, the rail network is severely strained in carrying the amounts of coal it presently does, and will experience real difficulties in carrying more. Third, it is likely that the CEGB has still to be convinced of the NCB's ability to supply 75m tonnes, though the CEGB recognises and admires the concerted push it is making to do so.

The generating board is looking abroad, probably to Australia, for long term supplies of coal which may mean a rise in coal imports to around 3m tonnes of coal a year, or even more — depending on how the oil price moves over this year and next. The price incentive to do so is very high: it can buy Australian coal more cheaply than the cheapest coal produced by the NCB's lowest-cost pits, in Yorkshire.

If it does attempt to bring in such contracts, it is certain to run up against the opposition of the NCB. The arguments have not been made public (as Mr. Benn used to argue they should), but it is known what they are.

The CEGB, for its part hates having a monopoly supplier, which the NCB virtually is. A monopoly supplier can put up its price to suit itself and this, the CEGB argues is precisely what is happening. It argues that it must have some flexibility in order to discharge its statutory duty of providing electricity at the lowest possible cost. If oil imports are to be cut back, then why not import (modest) quantities of coal?

Replenish stocks

These imports would be modest, it claims, because it is wholly committed to the NCB as its major supplier. Besides, they would act as no deterrent *to the NCB's production. If* the Coal Board can produce 75m tonnes this year, and next, well and good; it will enable the CEGB, and the NCB, to replenish stocks which they should be doing anyway.

The NCB concedes that a sharp price rise will be painful to the consumer. But investing in coal capacity is an expensive business, especially if the industry is to bear the immense burden of providing synthetic oil and gas in large quantities by the end of the century. The Board's case is that it is unrealistic to expect that coal will stay plentiful and cheap while oil gets scarce and dear.

The Coal Board believes that the cheapness of coal imports is illusory. It argues that the superficially attractive posted price does not show the cost to the balance of payments, nor the social cost in unemployed mineworkers in the closed pits whose output imported coal would be bound to replace. Give the Generating Board an inch and it will keep it: it will regard a 3m, or a 5m tonne level of imports as basic and regard the NCB contribution as "marginal," to be increased and decreased at will. How, the Board asks, is planning to be done on such a basis? If the Generating Board wishes to import coal, it will have a fight on its hands.

The net effect of this is that while oil has receded, for the time being, as the NCB's main competitor, imported coal has to a large extent filled the gap, in theory if not yet in practice.

Besides the new bogey of imported coal, the NCB is also faced with the more accustomed prospect of increased nuclear burn. There is no question that the Three Mile Island accident in the U.S. has stirred up public alarm and handed a card to the vocal and able publicists who lead the anti-nuclear lobby. It is also the case, however, that the CEGB has not wavered from its view that nuclear power must increase its contribution to electricity supply: as Sir Francis Tombs, chairman of the Electricity Council, reminded us earlier this week, its share will rise from the present 13 per cent to 20 per cent by 1981, as three more nuclear stations come on stream. In the same speech, he re-iterated his view that nuclear energy was now *cheaper than any other*, and will get relatively cheaper still.

The argument between the two corporations on this issue is more familiar, but has now increased because of the oil price rises. The CEGB is even *more* convinced of the need for nuclear expansion: the NCB is strengthened in *its* belief that public opinion will not stand for it, and that moderate nuclear growth catering for the 1.5-2 per cent growth in annual electricity demand is all that is required.

The present, provisional outcome of the energy "debate" in the coal sector is as follows: First, imported coal is now very much a possibility and second, the nuclear programme will be promoted more vigorously. It seems, from Mrs. Thatcher's enthusiastic response to the French nuclear programme, that the Prime Minister may support that promotion, though early indications from the new team at the Energy Department are that the NCB is not in for a very rough ride yet.

Long term potential

But some things are going right for the NCB. The most concrete and encouraging sign of growing international recognition of the coal industry's importance was a little noticed but highly significant agreement reached by energy ministers from countries which are members of the International Energy Agency late last month. The countries met under IEA auspices, and under the chairmanship of the UK's new Energy Secretary, Mr. David Howell.

The Ministers agreed that greatly increased coal use was necessary to meet the growing energy demand: and more importantly, recognised that "appropriate coal policies are required now to stimulate capital investments on a scale commensurate with coal's long term potential." To these ends, the Ministers adopted a series of principles for IEA action on coal.

The principles include:

- Minimising the use of oil in electricity generation.
- *Encouragement* of the construction of coal-fired power plants.
- A favourable investment *climate for such construction.*
- Energy pricing policies "which allow coal to develop its full competitive power."
- Clearer decisions (or, as the IEA declaration has it, "reduced uncertainty") about national coal policies.

Further rise

A provisional conclusion must be, that while it is true that coal has benefited, and will benefit further, from the oil shortages, the benefit will be unalloyed only in the short term. In the longer term, its captive customer finds sources of energy other than coal or oil.

Nor should it be forgotten, in the intricate dealings between the two corporations, that both, especially the CEGB, are seeking to keep prices down, but that the net effect will be a further rise in the price of electricity this year. The CEGB, whose statutory duty it is to keep prices down, is boxed in to the simple equation: dearer oil=dearer coal=dearer electricity.

The amount and timing of these rises are still a matter for speculation. But a reasonable guess might be that, assuming a coal price increase of around 12 per cent, electricity tariffs might go up by around 4 per cent. Thus electricity would add its own twist to the range of nationalised industries price increases.

Letters to the Editor

Pay

From Mr. J. Nicholson

Sir,—It is interesting to see you state (June 6) that the failure of incomes policies was the cause of the huge increases now announced for the top public sector. It was, of course, the cynical disregard of the incomes policies from top to bottom in much of the white collar private sector that obliged the independently-controlled civil service pay research unit to find for massive backlog increases for middle and lower grade civil servants. One may be sure that comparisons now going on elsewhere in the public sector will produce similar findings.

The blame for wage inflation, and all that this implies for a country almost at the bottom of the production league, lies firmly at the door of the private sector. If only they had played the game all comparison exercises would find plus or minus nought.

J. M. Nicholson.
14, Merrow Croft,
Guildford, Surrey.

Pensions

From the Director of Information
Company Pensions Information Centre

Sir,—At this stage in the correspondence on inflation proofed pensions I am surprised to find Mr. Kendall (June 4) attacking privately invested and insured pension funds for being unable to guarantee in advance that their pensions will maintain their real value no matter what happens to inflation. There is of course a perfectly good reason for this. If you do not know what the future rate of inflation will be you do not know how much money you need to set aside now to increase pensions in line with future inflation.

For an employer to guarantee that the pensions of his employees will be fully inflation proofed is to guarantee that whatever money is needed in the future will be forthcoming, and what private sector employer can prudently make that promise? He may, of course, say he will do the best he can, but that is not giving a guarantee.

The reason why public sector pensioners do benefit from such a guarantee is not because they give up 2.6 per cent of their pay, but because whatever the cost turns out to be the taxpayer will have to meet it.

M. J. Brown,
Company Pensions Information Centre,
7 Old Park Lane W1

Haulage

From Mr. P. Brennan

Sir,—For many years British Road Services had an arrangement under which articulated lorries from one conurbation met similar vehicles from another mid-way between the two. At this half-way point, drivers with their tractor units exchanged loaded trailers and returned to that part of the country from which they had come.

By contrast, today we generally see on our roads privately owned heavy goods vehicles travelling fully laden in one direction, but returning with empty trailers in the opposite direction.

Given our present shortage of fuel the first pattern makes much more sense than the second. Can we look forward to Mrs. Thatcher arranging for the re-nationalisation of the road haulage industry?

Peter Brennan.
6 Chesters Park,
Low Fell, Gateshead.

Roads

From Mr. I. Davies

Sir,—Dr. L. S. Taitz (June 6) advocates a cut-back in the roads programme "since new roads can only lead to greater petrol consumption through increased use." This is a fundamental misconception. The factors determining non-essential use of vehicles are the price and availability of petrol.

It has been shown that vehicles travelling at a constant speed on a good road consume drastically less fuel than urban driving. Certain roads such as the M62 and proposed M25 to quote but two, are essential to greater industrial efficiency. The time and fuel saving of driving 40 miles around London rather than 18 miles through the centre will pay for the costs of the new road in a comparatively short time. The reduction in the number of accidents would also be a very significant contribution.

I would rather see the introduction of tolls on motorways than a cut-back in the roads programme. We cannot ignore the social cost of vehicles travelling in urban areas which were not designed as primary routes rather than on purpose-built, safety-orientated roads.

Ian R. Davies.
45, London Wall, EC2.

Bottlenecks

From Mr. D. Clements

Sir,—I am sure that Dr. Taitz (June 6) is largely incorrect when he states that new roads lead to greater petrol consumption through increased use.

Admittedly my greatest experience of driving has been mainly in the London area (where, until recently, I regularly drove approximately 40,000 miles a year on essential journeys) but it must be obvious to all who daily sit in the interminable traffic jams here, as elsewhere, that a relatively small expenditure in many cases could result in significant long-term savings in fuel consumpion. Indeed, any lessening of the amount of fuel currently consumed by the large numbers of petrol and diesel engines idling away for long periods while their vehicles barely move an inch must give savings which will become more significant as inflation and world shortages continue to increase the price of energy.

As an example, the construction of Westway and the extension of the Embankment dual carriageway to Tower Hill must already have saved very considerable sums in fuel costs to east-west travellers in London. Similarly, if the elevated portion of the M4 were widened to three lanes west of the Beecham Laboratories intersection this would have a noticeable impact on the traffic which, as a result of the congestion at this point alone, very often queues almost from London Airport in one direction and from Hyde Park in the other. This results entirely from a bad original design and a similar potential problem has been carefully eliminated at the White City flyover—no doubt as a result of this experience. I am sure your readers can think of many other areas where short lengths of new roads would not increase traffic but provide very large savings in fuel consumption by vehicles which have no other alternative but to plod through such bottlenecks as are unavoidable.

Could the solution be to appoint road engineers with an extreme amount of commonsense (if such exist) to survey the country's known bottlenecks and suggest cheap practicable ways to overcome them. Or is this too simple a solution to save fuel, time, temper and the cost of the inevitable accidents and diseases engendered by the stress of such situations?

D. J. M. Clements.
37, The Pentlands,
Kintbury,
Nr. Newbury, Berks.

Energy

From the Chairman,
London Branch District Heating Association

Sir, — Combined heat and power and insulation offer the largest savings in primary energy use, as well as the greatest levels of employment per £ of expenditure.

Every motor car or ship is a combined heat and power station and a car radiator normally rejects heat so the engine can run to provide electricity and power. In winter the car heater uses this waste heat to keep the occupants warm and no extra fuel is consumed. In the same way our power stations reject sufficient heat, if harnessed, to heat the whole of the domestic sector. CHP and its benefits however, are not widely known or understood, though its technology is readily available and the potential energy savings it offers are five times that of solar, three times that of wind and twice that of wave.

Insulation and combined heat and power, according to Dr. David Elliott's analysis of Government Energy Papers, can save 11 per cent of our primary energy — or 11m therms of coal per annum worth £1.2bn per annum.

The 1977 Energy Paper 20 shows a clear case for combined heat and power against alternative options now that a 5 per cent real rate of return and a doubling of energy costs in real terms by the turn of the century has been accepted by Government.

An insulation programme, coupled with combined heat and power, would appear to offer a viable short term alternative to nuclear and other options, yet combined heat and power is virtually unknown.

W. R. H. Orchard
150, Holborn, EC1.

Allowances

From Mr. D. Lindsay

Sir,—I see that, once again, it is being suggested that the best way to relieve the most deserving million from income tax liability is to raise the personal allowances.

It is not. Anybody who has made the most rudimentary study of comparative family costs will know that it is taxpayers who are supporting children that are most in need of tax relief, and the way to give this relief, and at the same time achieve some sort of equity in tax treatment between those supporting children and others, is to restore the child tax allowances. These, you may recall, were quietly removed by a group of busybodies of both the main parties (without, if I remember, the slightest consultation with any organisations representing families) who thought it was the State's responsibility, not the parents', to provide for the children.

D. G. Lindsay.
8, Swanston Field,
Whitchurch-on-Thames,
Oxfordshire.

Giro

From Mr. D. Watson

Sir,—I have been following with interest the correspondence on the problems of receiving small payments from Europe highlighted by the managing director of Stuart Turner.

He may be interested to know that it is common practice among European Giro business customers to print their Giro account number on their invoices and notepaper to facilitate payment by the Giro transfer service.

This would appear to be a comparatively simple way of overcoming the difficulties expressed by Mr. Barnard.

D. Watson.
20, Muirfield Drive,
Ainsdale, Southport,
Merseyside.

Debts

From Mr. M. Bird

Sir,—I can sympathise with your correspondent (June 6) concerning how H.M. Customs and Excise has obtained an amount of his company's cash on an interest-free basis. Most companies giving credit, however, have an effective yet simple means by which the balance may be redressed, namely by collecting more of their own outstanding balances within their own agreed terms of trade.

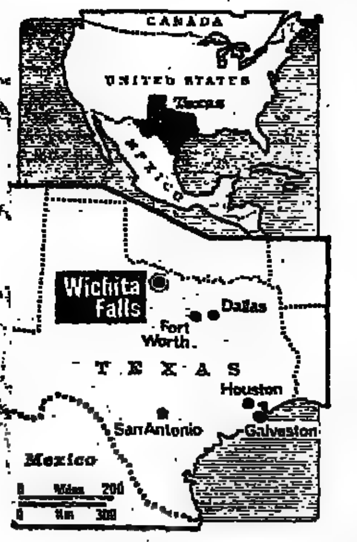
Contrary to the widespread belief that the education of customers to pay within terms as agreed, instead of one or two months later, will lose a company business, provided the correct collection principles are utilised, trading relationships are normally improved, and substantial sums of interest-free cash are generated.

Michael D. Bird.
Resource Evaluation.
133, Aldersgate St., EC1

هكذا من الأصل

David Lascelles visits Wichita Falls, devastated two months ago

Digging out after the tornado



PEOPLE in Wichita Falls, Texas, still say it didn't look like a tornado. There was no tell-tale spiral writhing below the dark clouds that gathered west of the city on the afternoon of April 10. Besides, the storm was heading east and tornados usually head north. But shortly before 6 pm, the local weather service recognised the immense storm system for what it was. Not one, but three tornados bunched together into a whirlwind a mile wide.

The alarm went out, and 12 minutes later the fearsome multi-tornado hurled itself on the town at a speed of up to 200 mph. It was to be one of the worst tornados recorded in U.S. history, judged by the material damage caused.

Today, with 51 of its 100,000 population killed, a fifth of its homes flattened and $500m worth of damage, Wichita Falls is struggling to get back to its feet. But it will be a long haul. "Probably three years for housing," says Mr. Gerald Fox, the City Manager, longer for business.

With every week that passes, there is less heroism and more bitterness. The city fathers are trying to keep spirits up by urging people to view the disaster not as a tragedy, but as an opportunity to build a better town. "Wichita Falls is coming back strong and fast," proclaim freshly printed bumper stickers.

Like many towns on the flat plains of North Texas, Wichita Falls grew up with the oil industry. Today it has other industries too, and has evolved into a regional centre with an earnest population reared to pioneering traditions, but well supplied with modern comforts of life.

The tornado lasted only a few minutes—some say it swept by in seconds. It cut an eight-mile swathe through the southern suburbs, flattening everything in its path and stripping the trees of all but their sturdiest boughs. "It was like lying underneath a speeding freight train," one survivor said.

It picked up cars and hurled them several blocks, bent metal pylons double and crushed even the most solid buildings. It obliterated a bank: those inside survived by taking refuge in the safe. Cheques from that bank were found in Tulsa, Oklahoma, 200 miles away.

Three schools were smashed to the ground: fortunately, classes had ended a short while before the storm.

As is usual with tornados, this one destroyed everything in its path but spared things only a few yards away. It also did more damage by suction than by pressure: it yanked houses up into the air, sucked people out of their cars, tore off their clothing.

As it roared off into the plains, it left behind devastation, and the screams of the shocked and injured. For hours, most people were too stunned to move. Few had a roof over their heads, yet they clung to what was left of their homes and possessions. As darkness fell, the clouds trailing the tornado dumped hailstones the size of apples on the town. torrential rain followed.

The rescue teams were ready. Like all communities in Tornado Alley, Wichita Falls has emergency plans: it had held a practice drill only a week before.

By midnight, many of the dead and injured had been located, makeshift kitchen and shelters set up, and appeals for help sent out. But the whole town was without electricity, telephones or water supply, and remained so for several days. The walkie-talkie radio amateurs had a field day.

Dawn came up bright and clear, and found thousands still sitting drenched and numb in the debris. Others, excited by shock, retrieved what was left of their liquor and threw impromptu block parties. There was some looting, but not much.

The Governor of Texas flew in and declared Wichita Falls a disaster area. A full-scale relief operation got under way. The Red Cross, which co-ordinated the rescue was swamped with offers of help from as far afield as Canada: cheques poured in from all over the world. Mr. Bob Draper, the Red Cross Disaster chairman said: "The response was truly amazing. We got over 7,000 volunteers."

Not all the arrivals were welcome. Fringe religious sects set up "counselling centres" to convert the dazed and destitute, sharp traders moved in with exorbitantly-priced building materials, protective clothing, even water, despite an emergency city ordinance freezing retail prices. Then there were the ghouls who seem to spend their lives travelling from one disaster to another.

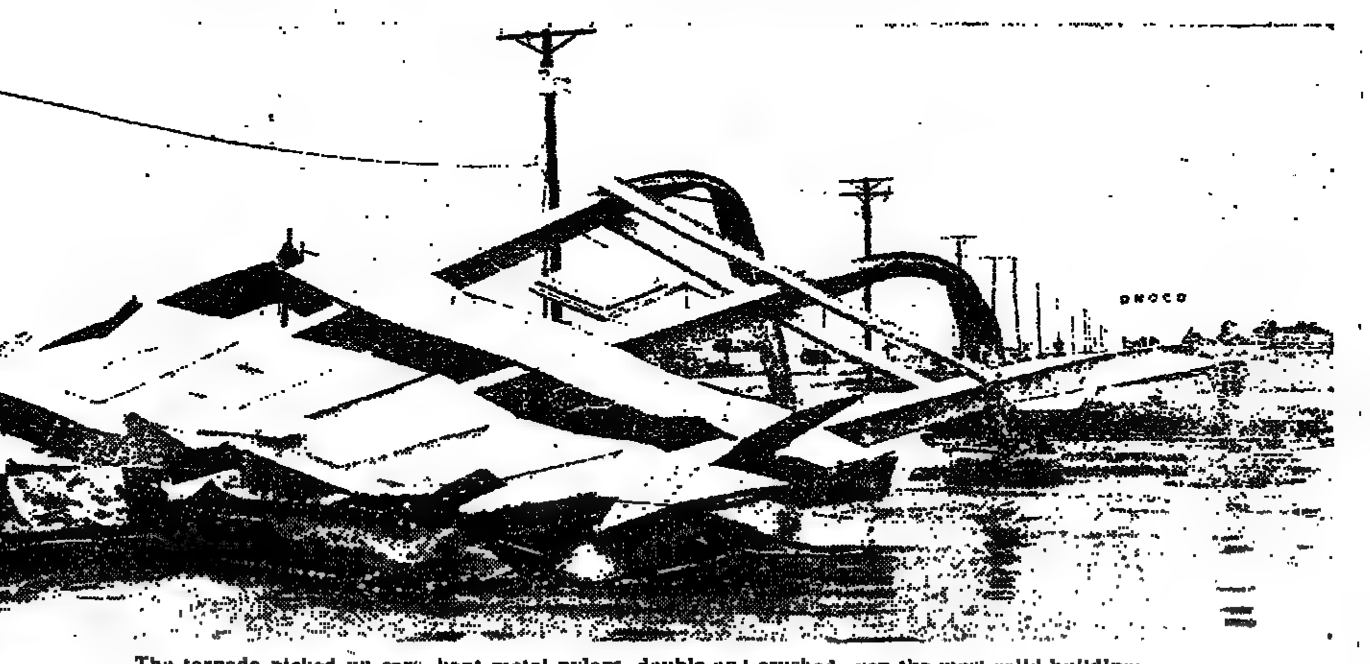
In retrospect, Wichita Falls claims the disaster brought out the best in people. Thousands toiled for more than 24 hours without sleep. Those lucky enough to escape unharmed took in complete strangers. Some still have them living with them. Local businesses offered their goods, equipment and services free of charge. The Air Force base despatched hundreds of troops to help. At the peak of the relief effort, the Red Cross was serving 20,000 hot meals a day at eight feeding stations.

People recall the high spirits of workers and victims. Signs appeared on shattered homes: Living-in maid wanted. Gone with the Wind, and Who says the Bakers don't give wild parties? But this could not last. As the days became weeks, the mood turned grim and finally bitter as people faced up to the full extent of their loss.

Although insurance companies were quick to pay out, few home owners were covered for the full replacement cost of their homes. Cheap government loans are available to make up the difference, but only to restore houses to their original condition. Many wanted to rebuild their homes bigger or better and were disappointed. (Some want safer buildings: there is much talk of building underground houses.)

A few people were still so shocked when they got their insurance money that they spent it extravagantly, on boats and other luxuries. About one house in ten—mainly owned by old people who had paid off their mortgages — was completely uninsured.

The pay-out was only the first step. Victims then had to find contractors to repair or rebuild, and in spite of the arrival of builders from out of town, many of the 6,000 homeless families will not have houses of their own again this year, or even next. Those with ready cash have been able to jump queues, though the city council has tried to keep corruption down through its building licensing powers. Most of the victims are now living in mobile homes or with friends and relations. Some have left the town altogether. The frustrations of cramped quarters or crowded homes are beginning to show.



The tornado picked up cars, bent metal pylons double and crushed even the most solid buildings.

Although the tornado was the severest recorded in the U.S. in terms of damage to property, the ratio of deaths to damage was quite low. This, Mr. Draper of the Red Cross says, was so because people had become more alert to the risks of tornados, and know the safest places to take refuge, in cupboards or bath tubs. Tragically, though, many people ignored the firm rule not to flee in the car where you are exposed to the full force of the winds. Of 44 deaths investigated by the Centre for Disease Control, 25 were associated with cars. Of this number, 11 were of people who were trying to escape the tornado and whose homes suffered no major damage. Only eight people died in buildings.

The tornado has brought Wichita Falls a mini-boom. Thanks to insurance pay-outs, bank deposits are at an all-time high, so are sales of household equipment, furnishing, building materials, clothes and cars. Unemployment has been halved as reconstruction gets under way.

But the longer-term prospects are darker. House prices have skyrocketed, putting the town at a disadvantage in the competition for new businesses and residents. Many local businesses, particularly shops, may never re-open. Many no longer have a neighbourhood to serve.

Some Wichita Falls businessmen are more cheerful about the prospects. Mr. Richard Wagonner, a banker, claims that the huge infusion of resources that the city is enjoying will greatly strengthen its economy and improve its services. That is the line also put out by the City Council which has launched a programme called Goals for Wichita Falls to inspire the reconstruction effort. The City Manager, Mr. Fox, says: "We're trying to say to the people, 'let's make the most of the disaster and make the town a better place five years from now than it would have been otherwise.'"

Even so, Mr. Fox and the relief organisations are worried that people will become despondent now that the obvious signs of rescue, like food stations and emergency vehicles, are leaving. The city authorities and official agencies will be striving in the coming months to counter this with stronger leadership and encouragement, though the task is not expected to be easy.

The charitable organisations will also continue their work. The Red Cross is planning follow-up visits to likely sufferers from mental stress. Mr. Draper commented: "People don't like to come forward. It's our job to find those with mental disorders, and help them to adjust."

However smoothly reconstruction goes, though, some inhabitants wonder whether Wichita Falls will ever be the same again. Not surprisingly, people now become edgy when they see dark clouds.

Weekend Brief

Talking to the Chancellor who makes home movies . . . and watching the EEC spend £500,000 on a TV spectacular for night owls.

Movies and Muscadet

Mention home movies to most people they look politely at their watches and tell you how the babysitter charges time and a half after ten pm on Saturday nights. Not so dinner guests chez Sir Geoffrey and Lady Elspeth Howe: regulars at the Howe's Surrey seat know that the Chancellor's record of his family holidays not only has moving pictures but words and music as well.

Norman Holiday, his two-reel, 30 minute piece de resistance took two years to film—on location in Normandy—and even has a highly artistic title sequence.

"I wrote the title on the sands, then filmed it," says Sir Geoffrey with no small measure of pride. "A tremendous amount of work went into it, planning the sequences, doing the bridging shots, writing the script. We spent our family holidays in the same farmhouse in Normandy for 15 years, until the children grew up. It's a marvellous record, I'm very proud of it. I've only shown it to very close friends and family."

Howe: mountains to climb

Howe has been a film buff for as long as he can remember. "I founded the school film society at Winchester, and since then I've never gone anywhere without a camera. During the war I was in Signals, and I've always played around with radio sets so doing the sound for Norman Holiday wasn't difficult. I have not done anything major since Norman Holiday—I just don't have the time these days. I have reels and reels of film at home just waiting to be edited, but it will have to keep until this is all over."

This, of course, is Tuesday's budget, an event he won't be recording on his Cine 8. Its attendant pressures have kept him well away from the darkroom since he became Chancellor on May 3. They've also kept him out of the garden, where he usually likes to potter on Saturday mornings.

"I enjoy gardening. I used not to when I was younger, probably because my mother told me I had to do it, but now I find it very relaxing. I can get out there and not do any thinking at all—just attack the weeds. The garden has suffered, though, over the last few weeks—my wife has had to take over the vegetables. We have quite a reasonable vegetable crop, certainly enough for the kitchen."

Howe reflects that his interest in gardening has doubtless increased with his age.

"As I grow older I do more gardening and less climbing. I used to do a lot of climbing before the children were born (the Howes have a daughter of 23 and a mixed set of twins aged 20). Proper climbing—ice picks and ropes. When I was at University, we climbed Mont Blanc. Coming down through Chamonix in all our climbing kit we passed a French family. The mother turned to her children and said, 'Regardez, les vrai alpinistes' I felt very proud—I think my climbing has probably gone downhill ever since then. We still do a lot of walking, though. Last summer we had two marvellous weeks in Scotland. I don't know if we'll get any walking in this year. I haven't had chance to think about our holidays yet."

If he had a choice of destination it would be India, but he knows for certain that his schedule won't stretch that far this year

Already he has found the new hours mean little freedom to indulge his twin pleasures of opera and ballet. "There is no time during the week now, and when we're at home at the weekends we like to have people in. That's one thing I really do enjoy, our dinner parties. About every three weeks we have around 12 people. We like to mix them up so that there are some novelties for everyone—lots of different people from very different backgrounds. My wife does all the cooking. I just open the wine . . . Muscadet usually. Will it go up next week? Well it always seems to, doesn't it."

Robyn Wilson

If we didn't bother to vote—will we watch the count?

The big question facing the television business as it prepares for its Euro-orgy on the Sunday night EEC parliament poll count is whether or not any Eurovoters will bother to watch. Even Tam Fry, the BBC man seconded to Brussels to co-ordinate Eurovision coverage of the counts will, in off-guard moments, talk of the prospect of "transmitting to two insomniacs and a couple of pigeons." At more optimistic times the Beeb and Eurovision like to talk in terms of 7m people being prepared to stay awake on a summer Sunday night/Monday morning to hear the results of Europe's first direct parliamentary elections.

And yet the EEC institutions have put up £500,000 for central services for the great night and 14 television networks, including both the BBC and ITV (via ITN) are adding to that with their own substantial investments in staff and facilities. At the moment the plan is for Europe's television channels to turn as one to election coverage from some time after nine o'clock on Sunday evening (which is 10 o'clock in much of the EEC) and continue with results and comment a la General Election until the early hours.

The fact that Britain's votes will have been gathering dust for a few days thanks to our tradition of Thursday voting days is not going to add to the sense of excitement, but that is only one of an array of obstacles to good viewing which the tellymen have had to face in planning their coverage.

Getting Europe's Governments to agree to any form of simultaneous vote and count was the first task of the broadcasters and a surprising degree of success was achieved. Although Denmark, Ireland and the Netherlands voted on Thursday along with Britain, everyone will wait until the last vote is cast on Sunday before starting the count. The Dutch, for religious reasons, will not start until Monday morning as will some British constituencies—thanks to concern about the overtime rates involved rather than moral objections.

The European Broadcasting Union fought hard to get everyone to stop voting in the early evening, thus providing a night of peak time counting. The Italians scotched that by deciding in January that they would close the polls at their traditional 10 pm. The Germans then said that if they sent their officials off after the polls closed at 7 and tried to get them back for a count later on the bierkellers would take their toll. So Germany too is having late night voting to-morrow.

Moves to make the Euro election coverage some sort of serious minded Eurovision Song Contest were scotched very early in the game. National programme companies were determined to keep a total grip on output. Now the EBU has set up a complex system of electronic links between the various counting centres, a map of which looks a bit like the London underground system. Fry and colleagues will act as televisual signalmen shunting the traffic around and enabling local stations to put material into a central pool (interviews, demonstrations or whatever) and take out what they require. The EBU reckons that the chauvinistic nations like the British and the French will concentrate on their home results and at best take 20 per cent from other nations. The Germans, on the other hand, will take half their material from sources like the BBC or Italy's RAI.

A second network of links enables the channels to do their own individual reportage and interviewing without putting it into the pool.

With material flying back and forth in a variety of languages translation has proved something of a problem. Come the night the EBU will have 24 EEC translators seconded to it so that all material will be available in all languages.

Even this will not provide perfection. Mrs. Thatcher may well go out to the Germans speaking in basso profundo masculine tones and Helmut Schmidt could easily be a soprano in Italian. "To match the sexes in every language would have meant having 64 translators. The Commission simply would not wear the expense."

Britain has picked up a couple of technological coups on the way. A teletext system of inter-station communication has been set up, called In-text, which is based on UK technology rather than the rival French. The computer (predictions by 9.30, firm forecasts by 10.30) will be run by Farnborough based Software Services, which has worked for ITN in the past, who will use the Honeywell-Bull work.

But without all the excitement of "Good heavens, the Tories have taken Milan north-east," will tomorrow night's viewing be at all gripping? The EBU men have no illusions about huge numbers staying up with bated breath. What they clearly do believe is that European television that night will take one more step away from being a programme swap shop and a centre for Song Contests and sports coverage towards being a power house in its own right.

Arthur Sandles

Economic Diary

TODAY — European Central Bankers three-day annual meeting opens in Basle. National Association of Local Government Officers Conference opens, Winter Gardens, Blackpool (until June 15).

SUNDAY—European Elections in Belgium, France, Germany, Italy and Luxembourg — also announcement of June 7 results.

MONDAY—Parliament returns after the recess. More European Election results. Retail sales (May—provisional). Wholesale price index (May—provisional). Central Government transactions (including borrowing requirement) (May). Mr. Len Murray, TUC general secretary, at Institute of Practitioners in Advertising meeting, Selfridge Hotel, WC1. Statement on Civil Service staff cuts. Construction union and employers meet on pay. One-day strike by design engineers of BL Cars.

TUESDAY—Budget Day. EEC Foreign Ministers meet, Luxembourg. Building Societies receipts and loans (May). President Moi of Kenya arrives on State Visit to UK. Amalgamated Union of Engineering Worers' policy-making national committee meets. Financial Times two-day conference "World Gold in the 1980s" opens in Montreux. Health and Safety Executive reports on construction industry. Confederation of Health Service Employees conference opens, The Spa, Bridlington

WEDNESDAY—Annual Ministerial meeting of Organisation for Economic Co-operation and Development, Paris. Scottish Area of National Union of Mineworkers conference opens, Dundee. Cardinal Basil Hume addresses Press Association luncheon, Savoy Hotel, London.

THURSDAY—UK banks' assets and liabilities and the money stock (mid-May). London dollar and sterling certificates of deposit (mid-May). Survey of short-term export prospects (to end of 1979). Mr. Gordon Richardson, Governor of the Bank of England, gives Henry Thornton lecture, City University, London. TUC National Pensions Convention, Central Hall, Westminster.

FRIDAY—Sir Geoffrey Howe, Chancellor of the Exchequer, is guest speaker at London Chamber of Commerce and Industry luncheon, Guildhall, London. Presidents Carter and Brezhnev meet in Vienna for three days to sign SALT treaty and discuss other bilateral and international issues. Retail prices index (May). Index of industrial production (April—provisional). Usable steel production (May).

Thistle oil production still behind schedule—Burmah

PRODUCTION from the Thistle Oilfield is still behind schedule, Sir Alastair Down, chairman of **Burmah Oil** admitted at the annual meeting in Glasgow.

Originally, Thistle was expected to be fully producing in 1978, then it was early this year. But progress with drilling operations has been slower than expected. Production should rise steadily in the months ahead and increased world prices for crude oil offset some of the delay.

The overall results ("should not be too seriously affected by the problems created by the position in Iran, Sir Alastair told shareholders.

The group's involvement in the general petroleum market is relatively limited although, until November last year, the refinery at Ellesmere was entirely dependent on Iranian light crude. Plant trials are being carried out to see whether it is possible to refine the specialised products made at Ellesmere from North Sea oil.

Of the legal claim against the Bank of England over the sale of the BP stock, Sir Alastair said the company might be willing to accept an out-of-court settlement. He would not commit himself, but said that "if there is to be a settlement, and I say, if, it will be conditional on shareholders' approval."

Mr. Jonathon Stone, honorary treasurer of the Shareholders Action Group, pointed out that while in Opposition several prominent Conservative spokesmen had referred to the possibility of an out-of-court settlement.

Burmah's appeal to the House of Lords over the release of documents relating to the case will be heard on June 25. Sir Alastair also said that Burmah's lawyers were seeking the release of other documents. The Bank has handed over some of these additional documents but may seek to claim Crown Privilege on others. Nevertheless, the main court case should still begin in October.

On the shipping front, Burmah has sold two of the ships bought in from GATX in April at advantageous rates, thereby "substantially reducing current losses and off balance sheet forward commitments. The fleet still consists of 20 ships, of which five are laid up, compared with seven at the year-end.

In the current year Burmah will have to bear the full brunt of the interest charges on two ULCC tankers bought in 1977 and 1978. There would also be a decline in the tax reliefs made possible by the programme of major asset disposals now coming to an end.

Triefus advances to £1.3m

FOLLOWING THE rise from £231,388 to £546,672 at half-time, taxable profits of **Triefus and Company** advanced to a record £1.3m for 1978 against a previous £630,685.

The dividend is effectively increased to 2.3034p (1.8543p) net per 25p share, absorbing £55,282 (£44,504). Also proposed is a two-for-three scrip issue.

The profit is subject to tax of £712,902, compared with £351,834 last time, leaving a net profit of £591,937 (£278,851).

The attributable balance came through at £529,262 (£244,947).

Triefus is involved in the marketing, processing and valuation of diamonds.

Youghal net loss up by over £1m

ATTRIBUTABLE losses of **Youghal Carpets (Holdings)** rose by more than £1m in the year to December 31 1978. There is no dividend—the last payment was an interim of 2.045p net in 1977.

The directors say that 1978 was a particularly difficult year. Major structural changes were made at a heavy cost. These included the closure of three weaving factories at Deventer in Holland, Kidderminster and Gloucester. *Rationalisation was* carried out in the spinning and weaving division.

The emphasis is now on tufted instead of woven carpets.

The measures are proving effective says the Board and in the second half there was an attributable profit of £804,000 including £426,000 employment subsidies. This year the group has continued to trade profitably.

The Board adds that the company has reached agreement in *principle with its bankers for* continuing facilities on a committed basis over the next two years.

These facilities which will be secured will provide adequate working capital for forseeable requirements during the period. They should enable further progress to be made in restoring full profitability, say the directors.

Trading profit during the year advanced from £1.04m to £3.55m on turnover ahead from £64.2m to £65.7m. The surplus included £727,000 employment subsidies.

At the taxable profits level *the loss is down from £1.59m to* £472,000 after re-organisation costs of £1.05m (nil) and interest charges ahead from £1.84m to £2.05m.

There is tax credit of £219,000, against £20,000 but the loss is considerably increased by extraordinary debits of £2.73m (£120,000).

	1978	1977
	£000	£000
Turnover	65,744	64,177
Trading profit	3,545	1,035
Depreciation	927	784
Interest	2,045	1,836
Reorganisation costs	1,045	—
Loss before tax	472	1,565
Tax credit	213	20
Currency gain	47	†133
Extraordinary debits	2,726	120
Attributable loss	2,932	1,878

† Loss.

● comment

Youghal's full-year results are far worse than the most pessimistic forecasts. The increased attributable loss of £2.9m includes rationalisation costs of almost £4m but even though most of this is non-recurring, the underlying picture is grim. The closure of the weaving plants has left the group with a tufted carpet operation which, although profitable at current levels of demand, will have trouble in generating sufficient cash flow to pay off the hefty interest charges and reduce the current debt equity ratio of well over 100 per cent. The agreement with its bankers gives Youghal some breathing space, but unless there is a substantial improvement in both margins and sales, the company is walking a tightrope. At 31½p the company is capitalised at under £5.3m.

Senior drops General Engineering takeover

Senior Engineering, the diversified engineering group, has pulled out of its £950,000 agreed bid for **General Engineering Company (Radcliffe)**. Senior said it was not satisfied with a further investigation into General Engineering while sufficient acceptances for the offer had not been received by the closing date yesterday.

Senior's offer last month was widely recognised as a "rescue bid": General Engineering's borrowings at the end of last year amounted to £4.455m, against net tangible assets of £2.159m, while the directors had stated that new capital was needed to stem further trading losses.

Discussions between General Engineering and its bankers Williams and Glyn's took place yesterday and a number of alternative proposals will be considered in the next few days. Meanwhile, the company's shares were suspended yesterday afternoon at 7½p.

Senior's decision to let its bid lapse, which has received takeover panel approval, was taken because acceptances received by the closing date yesterday amounted to only 79 per cent and because Senior's board was not satisfied with the further investigation into General Engineering.

Neither side was prepared last night to be more specific.

A spokesman for S. Warburg, the company's financial advisers, said Senior needed total control in order to implement its plans. "If you are going to switch assets you need at least 90 per cent of the shares," he added.

Mr. M. E. C. Thomas, managing director of General Engineering, admitted he was very disappointed by yesterday's development but the company was now working hard to come up with an alternative solution.

In the nine months to December, 1978, General Engineering incurred losses before tax of £1.33m (£0.51m loss), principally due to redundancy and reorganisation costs and adverse trading conditions.

At the time of the bid the directors of General Engineering said they were of the opinion that the company's product range and manufacturing facilties were sound. They pointed out, however, that the financial position required a substantial amount of additional capital.

General Engineering has about 750 employees, most of them based at Radcliffe, the rest at West Bromwich.

LEADERFLUSH BUYS SITE

Leaderflush (Doors), a wholly owned subsidiary of Leaderflush (Holdings) has paid £300,000 for a freehold site at Langley Mill, Derbyshire, belonging to the Hallam Group of Nottingham.

The property comprises a factory purpose built for the manufacture of timber products and two timber storage warehouses. The purchase which is being financed partly out of present cash resources and partly by current and medium term bank facilities; also includes certain fixed plant.

Leaderflush hopes to move its existing manufacturing operations, at Trowell, Nottinghamshire, to the new premises at the end of the year.

Thos. French forecasts £1.5m

AS EXPECTED, taxable profits of **Thomas French and Sons** show an advance for the half year to March 31, 1979, from *£540,231 to £774,944 on turnover* of £7.34m, against £6.78m.

And a record £1.5m is forecast for the full year, compared with £1.22m for 1977-78.

	Six months 1978-79	1977-78
	£	£
Turnover	7,338,384	6,764,237
Profit before tax	774,944	540,231
Taxation	384,028	290,597
Profit after tax	390,916	249,634
Minority ints.	4,601	5,362
Extraord. debits	9,500	9,500
Available	376,815	234,772
Dividends	52,500	46,000

In March the directors said they anticipated a healthy increase in profits for the current year.

The interim dividend is raised from 1.2p to 1.4p net per 10p share and the directors say the final payment will depend on whether the Government relaxes limits on increases—last year's final was 1.6p.

Mr. T. J. French, chairman, says the profit for the first half has fulfilled directors' expectations that those parts of the business which were not so successful last year would show improvement and that the other parts would continue to do well. "Notably the South African subsidiary fared better and the electrical companies moved ahead nicely," he states.

During the year two important rationalisation programmes are being carried out. Firstly, the introduction of high-speed weaving machinery in the UK has necessitated the vacation of the Dublin factory.

And the Australian operations, which are carried on at four locations, are being moved into one building in Sydney.

French manufactures curtain styling products and electric surface heating products.

● comment

Thomas French is beginning to fire on most of its main cylinders. The South African has improved profitability in a still difficult environment and, at the halfway stage, the electrical division has advanced sufficiently to better the contribution of £43,000 in the whole *of the previous year.* The overall picture is one of a satisfactory margins upturn from less *than 8 per cent to 10.6 per cent* and the advance across the board has been maintained to the extent that the group is confident of annual 23 per cent growth. That would imply an undemanding fully taxed p/e of 5.2 at 101p, up 3p yesterday. On the conservative assumption *that the total dividend is lifted* by just 10 per cent, the prospective yield is 4.7 per cent.

Taylor Woodrow behind

PROFITS FOR the first few months of 1979 at Taylor Woodrow were running *slightly* behind those for the same period last year, Mr. R. G. Puttick, chairman, told members at the AGM.

And the transport strike and severe winter conditions depressed the results of the construction companies in the UK, he added.

He would not like to give a forecast for the whole year but said, "We are quietly optimistic of meeting the challenge."

Despite a continued shortage of suitable building and civil engineering work the group's current order book stood at around £549m, compared with uncompleted work on hand of £538m at the same time last year; some £382m was in the UK, and £167m overseas.

Contracts totalling between £40m and £50m had been awarded in recent weeks, the chairman stated.

Main activities overseas continued to be centred on the Middle East and Nigeria, he added. There was a slowing *down of new work available in* the Middle East, but Taylor was confidently pursuing a substan*tial new contract there.*

First Castle jumps to £237,000

WITH STRONG world-wide demand for its reconditioned pianos taxable profits of First Castle Securities jumped from £138,705 to £237,002 in the year to January 31, 1979.

Turnover doubled from £650,393 to £1.3m of which £990,000 was direct exports by the Hunts piano business. Of the export total 90 per cent went to Europe.

The group which is paying the maximum permitted dividend of 2.211p) (2p) with a 1.206p final, *is making a one-for-one scrip* issue. And stated earnings per 10p share have advanced from 3.5p to 10.4p.

The company also benefited from the acquisition of BRM Electronics in January this year. In the half-year to September 30 1978 the electronics service company, which supplies the UK aircraft industry, made taxable profits of £41,789, compared with £44,032 for the year to March 31, 1978.

This time there was a £15,132 tax credit, *against* a charge of £56,511 which raised the net profit from £82,194 to £252,134. The tax credit follows the increase in stocks now the group has larger warehousing.

There is an extraordinary credit of £33,048 from the sale of the stake in Crane and Sons. Last time a £206,347 credit came from the disposal of the group's Leisure and General shares.

After dividends costing £54,682 (£40,368) the retained profit is down from £246,173 to £230,500.

Rowton profits rise to record £1.16m

THE DIRECTORS of **Rowton Hotels** announce record taxable profits of £1.16m for 1978 against a previous £945,886 on turnover up from £3.95m to £4.64m.

They say that prospects must be tinged with caution, owing to some resistance to the strong pound, increasing travel costs and unemployment on the Continent. The group's hotels and hostels, however, remain competitively priced, they add, and forward allocations look healthy.

At halfway a profit of £453,670 *(£361,000)* was reported and directors said indications were that second half figures could at least equal those of the same period in 1977.

After tax of £499,985 (£466,966) for the year earnings are shown as 17.34p (12.72p) per 25p share. The dividend is stepped up to 6.9353p (6.2649p) net with a final of 4.1915p.

Dividends will cost £267,863 (£240,865) out of net profits of £660,753 (£478,920).

All the hotels, London Park Hotel, Mount Pleasant Hotel, Grand Hotel in London and the Mill Hotel, Sudbury, Suffolk had a busy and profitable year, although demand was not so heavy as in 1977: this had been anticipated in the pricing policy.

During the year the Golden Galleon Motel complex at Oulton Broad, Suffolk was acquired. The extension of 28 beds at the Mill Hotel, Sudbury is expected to be open this August, the directors state.

The London hostels maintained a high level of occupancy and *profitability. Parkview House in* Birmingham, however, showed no signs of increased occupancy from its present break-even level and no improvement is expected until there is greater local commercial activity.

Greencoat's hopes rise on French court successes

If **Greencoat Properties** continues to be successful in its legal battles in France over its Grancanal project in Paris, the development should be substantially complete and sold by the end of 1980, says Mr. E. T. Razzall the chairman.

Construction and sales of apartments in the development have been satisfactory following the grant of new building permits but the legal attack on the validity of the permits by Parisian ecologist has not abated, he says. A hearing on the merits of the ecologists case took place at the end of May and the court's judgment is expected soon.

Meanwhile he reports a small recovery in group taxable surplus from a near breakeven £7,000 to £26,000 for the half-year to December 31, 1978. After £54,000 (£44,000) deferred tax and minorities of £22,000 (£19,000) net loss emerged at £50,000, against £56,000.

Doubts over the continuation of the Grancanal development because of the challenge in the French courts caused the group's aditors, Hart Brothers Reddall and Co., to qualify their report on the 1977-78 accounts. The auditors indicated that the company's general financial situation could be materially affected if the development was subject to undue delay.

Now the board anticipates that a combination of lower borrowings, rent reviews and a likely surplus on the development of the group's Kingston site will produce a sizeable increase in net asset value by the end of 1980.

The chairman states that the company's financial position and activities remain dominated by the situation in France. A policy of selective sales to finance the continuing cost of funding the development there has had to be pursued.

Among the assets sold during the six months was the group's controlling interest in Aberdeen Land Association and the mid-year figures reflect the profits of this subsidiary up to the time of the sale in November.

Plantation merger critics satisfied

Criticism of a plan to merge four companies with the **Barlow Group** of plantation companies —has been formally rebutted.

Writing to shareholders in the four companies—**Bradwell, Chersonese, Muar River and Sungei Krian**, merchant banks Morgan Grenfell and Hill Samuel once again urge acceptance of the scheme.

The letter observes that comment has been made that the contribution of historic profits to Holdings (the four companies combined) by Chersonese shareholders "substantially exceeds" the 19.7 per cent of the capital of Holdings which Chersonese shareholders will be entitled to receive under the scheme.

Based on the pre-tax profits for the last completed financial year of each scheme company the letter states that Chersonese shareholders, other than holders of the cross held shares, would in fact be contributing about 27 per cent of the profits of Holdings.

The letter also reminds shareholders of the four companies that the terms of the merger have been based on the net tangible assets of each scheme company, which in turn are based on valuations which take into account estimated crop yields and prices "and may therefore be regarded as valuations of the ongoing businesses."

Various parties who had objected to the scheme are now understood to be satisfied.

BMCT/DIXON

Birmingham and Midland Counties Trust's stake in **David Dixon and Son**, the textile and hosiery group, has risen again to 29.95 per cent of the shares. **BMCT** bought its initial 22 per cent stake in Dixon last December. Since then Dixon's share price has ben as high as 188p. This week, as **BMCT's** holding has crept up towards the 30 per cent level at which an automatic bid is triggered off, Dixon's price has risen from 146p to 163p, including an 11p *rise* yesterday, *for a market* capitalisation of £2.96m.

GALLIFORD

Galliford Brindley has completed the acquisition of **APW Construction (Holdings)**, a holding company of a construction and property group based at Worcester. Consideration for the purchase is *£945,750—£555,750 in* cash and the issue of 600,000 ordinary shares.

WELLCO

Wellco Holdings has entered into an agreement to acquire from Ucan that part of the business carried on under Warrior brand.

Sales of Warrior products are made throughout the UK to stores, hardware chains and DIY shops. The final sum to be paid cannot be calculated until stock has been taken at date of completion. However it is expected that the consideration will be about £250,000.

FRASER ANSBACHER

Grand Metropolitan and Associated Metals and Minerals (part of the Lissauer Group) have both reduced their stakes in **Fraser Ansbacher**. In yesterday's report it was incorrectly stated that Fraser Ansbacher was selling stakes in Grand Met and AMM.

SHARE STAKES

Globe Investment Trust—The company has bought a 6.41 per cent stake in Erith and Company, the builders' merchants in which Tunnel Holdings sold its 10.29 per cent stake at the end of last month.

London and Provincial Shop Centres (Holdings) — R. S. Berrick, joint chairman and managing director, has sold 15,000 shares and now has a beneficial interest in 2,220,245 shares (20.35 per cent). R. Gerard, joint chairman and managing director, has sold 35,000 shares and now has a beneficial interest in 1,367,245 shares (12.66 per cent).

Hampton Trust—Anglo-Ped Investments has taken up 288,000 new shares increasing holding to 973,000 shares (6.52 per cent of increased capital).

Inter City Investment Group—J. Harris now has a beneficial interest in 1,023,312 shares (11 per cent).

Alpine Holdings—P. R. Kaye has sold further 17,500 shares. He is beneficially interested in 19,000 shares.

FPA *Construction* Group—J. H. Grayson, director, has bought 20,000 shares.

Equity and Law Life Assurance Society—Kuwait Investment Office has interest in 1,175,000 shares (5.67 per cent).

Francis Sumner (Holdings)—N. Davis, director, notifies that Louis Flower, a family investment company, of which he is also a director, has bought 110,000 shares and now holds 1,210,000 shares (4.5 per cent).

Oliver Marriott to head Churchbury

BY ANDREW TAYLOR

Mr. Oliver Marriott, former financial editor of the Times and a director at Town and City Properties, is to become managing director of Churchbury Estates as part of a major boardroom reshuffle at the company which controls a property portfolio valued at £6.5m.

Mr. Clifford Topping, chairman and managing director of Churchbury is now 70 and is to retire from the board. At the same time four new directors are to be appointed.

Three of these are from Abingdon Investment Company which is controlled by London Trust Company—which has a 20.6 per cent stake in Churchbury, acquired earlier this year from British Land.

Mr. Marriott will take over as managing director and Mr. David Gourlay, one of the four new directors, is to be appointed non executive chairman. The other new directors are Mr. Guy Libby and Mr. Alastair MacDonald.

As part of the deal Mr. Topping and another director, Mr. M. N. Hart, have agreed to sell 2 per cent of their joint family holdings to a number of institutions and other bodies including Abingdon at a price of 372p a share.

Other shareholders are to be given the opportunity to sell *their holdings at the same price* through L. Messel stockbrokers. A further group of shareholders controlling a 9.3 per cent stake have agreed to accept these terms. These shares will also be sold to the same group as bought shares from Mr. Topping and Mr. Hart.

As a result of these deals London Trust together with Abingdon will control a near 25 per cent stake in Churchbury but the investment trust has said that that it does not intend to make an outright bid.

A spokesman for Hill Samuel which has advised Churchbury said that the moves had been agreed amicably. He said: "Mr. Topping wanted to retire, London Trust wanted boardroom representation and to acquire a few more shares and the directors wanted to sell some of their stakes."

Listing of Churchbury's shares are expected to be restored on Monday.

Heavitree at £207,653 for half year

On turnover just ahead at £1.28m, against a previous £1.25m, pre-tax profits of **Heavitree Brewery**, increased from £161,434 to £207,653 for the half-year ended April 30, 1979.

Profit for the whole of the 1977-78 year was a record £533,945.

The directors state that the profit increase was caused largely by a change in management policies, and will balance out in the second half. They say the true increase was in the region of £10,000.

Tax for the six months takes £107,980, compared with £83,950 leaving a net profit up from £77,484 to £99,673.

The net interim dividend is raised from 6p to 6.6p net per £1 share.

Heavitree is an unquoted company based in Exeter, Devon.

Results due next week

Associated British Foods' share price has been edging up ahead of the full-year announcement on Monday. Generally, analysts expect only a small increase in pre-tax profits to around £80m (£77.6m)—reflecting a continuation of the first-half pattern.

In spite of an estimated £8m loss from strikes, the baking *deficit for 1978-79 is not likely* to be as much as the £4m lost in the previous year while milling profits should be static, mainly because the company has not increased prices for at least 12 months. Both Fine Fare and Twinings should have had an improved second half although their full-year contributions are likely to be slightly lower; but the biscuits companies will have progress. Overseas, both South Africa and Australia have reported improved results but adverse currency movements have meant a shortfall in sterling terms.

Two major brewery companies also appear on next week's Stock Exchange list.

The announcement from **Allied Breweries** next Tuesday is likely to amount to a non-event. To begin with, the group is reporting on a 17-month period, with a five-month contribution from J. Lyons, so it will be tricky to make comparisons —particularly as the Allied figures include two winters and the Lyons period spans poor trading months, when ice-cream sales, for example, are lost. Secondly, the reorganisation of Lyons and the brewing interests will cloud the picture. Net of property disposals, the pre-tax *figure is unlikely to be much* above £120m which compares with £90.2m for the previous full year. Any share price movement on Tuesday will in any case be influenced primarily by the Budget.

The interim announcement from **Arthur Guinness Son and Son** will be easier to assess. Pre-tax profits for the first half of last year were depressed at £14.3m and, provided that accounting procedures are not changed, Friday's interim surplus will probably be around £20m. The group's medly of non-brewing interests is expected to have performed well, while a bad winter could have helped stout sales. Price rises in the Irish Republic should have boosted margins there but not all analysts are confident that this will show up in the figures.

Analysts are not expecting a lot from **Metal Box** when it releases its preliminary figures on Monday. The group got off to a good start with a 25 per cent jump to £31.4m at the halfway mark but forecasts generally assume a more modest increase, if any, in the second half. The 1977-78 full year figure was £55.8m and the range for the latest year extends from £60m to £68m. Most are settling for a *figure around £65m. Those at the* top end are expecting good results from the can making and central heating operations. One analyst—with a forecast near the bottom of the range, suggests that both divisions have been hit rather hard in the final quarter by the bad weather and the lorry drivers' strike.

Having been surprised at **Pilkington Brothers'** excellent half time results, analysts are expecting a somewhat static *second half. Estimates of pre-tax* profits for the full year cover the *range £86-£90m, an increase of* up to 25 per cent over the previous year. Last year overseas interests contributed £13.7m (17 per cent) to trading profit and could jump by 40 per cent this time if most countries advance as expected. Licensing royalties should show a modest improvement and in the UK Pilkington has benefited from the boom in domestic insulation; however profits here could be slightly down considering the recent fall in demand for flat glass.

Galvanised by export and home price increases and continuing firm volumes, interim results of **English China Clays** due next Thursday are expected to make an encouraging recovery from 1977-78's depressed levels. Estimates by analysts are for half time profits of around £12m-£13m and a range of between £30m-£33m for the whole year. The advance will clearly be spearheaded by the china clay division which reaped not only the benefits of the January price rise but sustained overseas demand as well. This pushed export and home delieveries up by some 15 and 5 *per cent respectively in* the first half. The clay division *is likely to contribute about* £23m *(£14.6m) to group profits* this year with smaller improvements in the quarrying side of the business. Building activities however are likely to be hampered by weather considerations.

Other results to note are interims from **CompAir** and **Westland Aircraft** and finals from **Associated Newspapers, Hill Samuel, International Timber** and **Chloride Group.**

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Alliance Investment Co.	*Wednesday*	0.95	2.05	1.05
Allied Breweries	Tuesday	1.25	2.6828	5.79†
Alpine Soft Drinks	Thursday	2.2	4.46667	2.412
Anel Industries	Monday	0.837	1.3	0.935
Associated British Foods	Monday	1.2053	2.2725†	1.32582
Associated Newspapers Group	Tuesday	1.796	4.018	1.975
Bankers Investment Trust	Tuesday	1.06	1.559	1.06
Bell and Sime	Wednesday	0.875	3.891	0.875
Braby Leslie	Thursday	1.66667	2.7493†	2.0
British Benzol Carbonising	Tuesday	—	0.5974	0.5
British Cinematograph Theatres	Thursday	—	1.52062	—
Brown Shipley Holdings	Thursday	4.0	5.344	4.5
Caffyns	Monday	2.0	4.4	2.2
Channel Tunnel Investments	Tuesday	—	—	—
Chloride Group	Thursday	1.34	3.8552	1.5
Continuous Stationary	Wednesday	0.9	1.62	0.9
Control Securities	Wednesday	—	0.825	0.3
Crosby Spring Interiors	Thursday	0.2178	0.4358	0.23958
Daily Mail and General Trust	Tuesday	4.392	8.516	4.904
Dom Holdings	Thursday	1.60519	3.03904	1.79245
Dominion and General Trust	Monday	1.5	6.25	2.25
Dorrington Investment Co.	Thursday	1.4	1.6894	1.65
Dundonian	Monday	0.66667	0.75307	0.7
Elswick-Hopper	Thursday	0.4	0.5	0.45
Estates and Agency Holdings	Friday	—	0.45375	—
Ferguson Industrial Holdings	Friday	1.4	2.6	2.0
Geers Gross	Friday	—	—	1.5
G E I. International	Tuesday	1.458	2.694	1.6
Great Portland Estates	Thursday	0.86667	2.77203	1.0
Hill Samuel Group	Tuesday	1.675	3.229	1.834
International Timber Corporation	Wednesday	2.75	4.285	3.0
Johnson Matthey and Co.	Tuesday	2.4	3.09348	2.6
Lerch (Wm.) (Builders)	Thursday	2.5	3.5	3.0
Metal Box	Monday	6.6	8.3314	7.37
Milbury	Friday	0.75	1.65	1.34
Ocean Wilson (Holdings)	Thursday	1.0	1.875	1.0
Pilkington Brothers	Friday	2.881	2.925	3.3
Plysu	*Thursday*	0.5429	0.8407	0.6786
Robertson Foods	Thursday	1.3738	4.3511	1.3728
Rowlinson Construction Group	Wednesday	0.18125	0.425	0.18125
Valor Co	Thursday	0.702	1.433	0.772
Wassall (J. W.)	Wednesday	0.2	0.24	0.2
Wedgewood	Wednesday	1.75	1.99	1.75
West Bromwich Spring	Wednesday	0.264	0.709	0.29
Woodhead (Jonas) and Sons	Friday	1.2275	2.60956	1.3707
INTERIM DIVIDENDS				
Allied Breweries	Tuesday	1.4	2.93†	
Archimedes Investment Trust	Tuesday	2.0	3.7†	
Bertrams	Tuesday	Nil	Nil§	
Compair	Wednesday	1.65	2.3869	
English China Clays	Thursday	1.925	2.0434	
Guinness (Arthur) Son and Co.	Friday	2.6184	5.2185	
Homfray and Co	Monday	1.3125	1.8125	
Lee (Arthur) and Sons	Friday	0.44	1.1	
Raeburn Investment Trust	Friday	1.25	2.8	
Saatchi and Saatchi	Wednesday	2.055	2.74	
Scottish American Investment Co.	Wednesday	0.9	2.05	
Sidlaw Industries	Monday	1.5	5.2217	
United States and General Trust Con.	Wednesday	1.75	5.084	
Westland Aircraft	Wednesday	—	1.0	
INTERIM FIGURES				
Kitchen (Robt.) Taylor and Co.	Wednesday			
Tomkinsons Carpets	Friday			

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Second interim. ‡ Interim dividend of 1.0p per share net was declared on Jan. 30, 1979 for the year to Sept. 30, 1979. § Including second interim of 0.5p. ¶ Including third interim of 0.5p. Third interim for the year to April 1979 of 0.5p was declared on April 10, 1979. ‖ Period is 17 months to March 3, 1979. Dividend includes interim of 1.4p, special of 1.4p and second interim of 2.39p.

Grindley of Stoke lower

A fall in taxable profit from £1.19m to £806,769 is reported for 1978 by **Grindley of Stoke (Ceramics)**, earthenware manufacturer formerly called Alfred Clough. Sales were marginally down at £10.89m from a peak £11.1m.

Lower tax of £56,706 (£134,400) left earnings per 20p share at 51p, compared with 71p. Again there is no dividend.

After an extraordinary loss this time of £220,332 attributable profit emerged almost halved at £532,333 (£1,053,405).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
First Castle Secs.	1.21	July 2	1.51	2.21	2
Thos. French int.	1.4	July 1	1.2	—	2.8
‡Grootvlei Prop.	36	Aug. 10	16	—	38
‡Marievale Consd.	40	Aug. 10	32	—	95
Rowton	4.19	—	3.81	6.94	6.26
Triefus	2.3	Aug. 7	1.85*	2.3	1.85*
Youghal	Nil	—	Nil	Nil	2.05

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African cents throughout.

MINING NEWS

Australia rejects U.S. judgment

BY KENNETH MARSTON, MINING EDITOR

THE Australian Government has said that a U.S. district court's judgment against four Australian uranium producers for breaches of anti-trust regulations would not be enforceable or recognisable in Australia.

The companies concerned are **Conzinc Riotinto of Australia, Mary Kathleen Uranium, Pancontinental Mining and Queensland Mines.**

They are among the 29 international concerns, including Britain's **Rio Tinto-Zinc Corporation**, against which anti-trust judgments have been secured by America's **Westinghouse Electric Corporation.** The last-named has alleged that marketing arrangements by the uranium producers in 1972 violated U.S. anti-trust laws.

RTZ continues to deny liability and contends that the U.S. court lacks jurisdiction.

Australia's Attorney General, Mr. Peter Durack, has now issued an order there preventing the enforcement of the judgments against the Australian companies. He said that the judgments could leave the companies unable to maintain their operations and that would not be in the national interest.

Ayer Hitam's good output

Eastern tin producers in the **Malaysian Mining Corporation** group raised production by 13 per cent in May. The total of 1,877 tonnes of tin concentrates *compares with 1,661 tonnes in* April.

The best performance came from *Ayer Hitam which almost* doubled output to 284 tonnes, against 155 tonnes in the previous month. This brings the 11-month total to 2,159 tonnes, compared with 1,636 tonnes in the same period of last year.

Other good performances were those of **Malayan Tin, Southern Malaysan** and **Tongkah Harbour.** The last-named has lifted its 11-month total to 669 tonnes—almost 70 per cent above that in the same period last year.

Tronoh increased production to 190 tonnes despite the shutdown of the No. 2 dredge from May 2 to May 19 for major repairs. **Kramat** hopes to resume production in late July following completion of the road crossing.

Latest outputs are detailed in the accompanying table:—

	May tonnes	April tonnes	March tonnes
Ankam	95	114	146
Ayer Hitam	284	155	182
Berjuntai	333	335	309
Kamunting	54	60	58
Kramat	—	—	—
Kuala Kampar	30	10	13
Lower Perak	16	13	13
Malayan	338	286	284
S. Kinta Cons.	146	151	145
Sthn. Malayan	185	157	170
Sungei Besi	169	157	186
Tongkah Harbr.	47	37	78
Tronoh Mines	190	176	165

NATIONAL & COMMERCIAL

THE directors of **National and Commercial Banking Group** are proposing to change the name of the company to the **Royal Bank of Scotland Group.**

SUMMARY OF THE WEEK'S COMPANY NEWS

ike-over bids and mergers

After having received acceptances of 54 per cent when its t offer closed, the Airways Pension Scheme agreed to increase offer for Debenture Corporation by about 3 per cent by luding break-up costs, worth 1.2p per share, and by aggreeing pay 102 per cent of the formula asset value rather than per cent. Additionally, a floor price of 100p per Debenture re has been set. Prior to the new agreement, the Airways ieme's offer would have amounted to 98p per share under its ginal flat offer of net asset value.

BTR, the industrial holding company, announced that it is king discussions with **Bestobell** which may lead to an offer 200p for each of the latter's shares. Advances made by BTR Bestobell six years ago came to nothing.

Talks are taking place which are likely to lead to **Harris** ensway making a recommended offer in excess of the ently revised offer of £27m for **Hardy and Company** rnishers).

Aurora Holdings' 69.55p per share cash offer for **Edgar Allen** four was totally rejected by the latter as not in the interests shareholders or employees. Balfour's Board asked the Stock hange for an investigation into last Monday's dealings in shares when Aurora picked up some 25 per cent of the ity.

Crescent Reserve Fund, an authorised unit trust managed Crescent Unit Trust Managers, and **View Forth Investment** ist are to merge. Under the proposals, View Forth shareders will receive units in Crescent Reserves pro rata to their sent shareholdings; holders of 52.1 per cent of View Forth e irrevocably accepted.

Armstrong Equipment is now offering a share alternative to rejected 81p cash offer for **Jenks and Cattell** on the basis of new shares in Armstrong for every 10 Jenks.

Edinburgh Ice Rink has been approached by parties rested in bidding for the entire capital; dealings in the shares re suspended last August.

Holt Lloyd International, the UK manufacturer of car-care ducts, is paying £4.84m cash for **LPS Research Laboratories** he U.S. LPS makes lubricants, rust inhibitors and penetrating ds.

Galliford Brindley purchased Worcester-based **A. P. W. Con**ıction for £945,750. The consideration is to be satisfied by 5,750 cash from Galliford's own resources and the issue of ,000 Galliford ordinary shares.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
Prices in pence unless otherwise indicated.						
ACE Machinery	136½	125	110††	3.08	F. J. C. Lilley	21/7
John Bright¶¶	40½*§	40	43	4.29	Largs	—
Collett Dickenson	118*§	114	85	2.98	Soilbourne	18/6
Allen (Edgar)	69½*	67	63	9.63	Aurora Hldgs.	—
Farm Feed	95*§	92	94	1.08	Consortium	—
Gen. Engineering (Radcliffe)	8	7½††	14½	0.94	Senior Engineering	8/6
Hardy & Co. (Furnishers)	125½§§	147††	114	8.24	Harris Queensway	—
Hardy & Co. (Furnishers) 'A'	115½§§	110††	92	15.0	Harris Queensway	—
Jenks & Cattell	81½§§	100	67	1.22	Armstrong Equipment	—
Knott Mill	74½	72	27	2.57	Ktchn. Queen	—
Morris Blakey	177§§	166	164††	2.71	A. G. Stanley	—
Morris Blakey 'A'	141½§§	130	120††	1.52	A. G. Stanley	—
Scot. & Univ. Inv.¶¶	216‡‡	212	204	47.5	Lonrho	14/8
Sekong Rubber	£15	15	£10	2.25	Majedie Invs.	—
Sheepbridge Eng.	110½	101	66	39.1	GKN	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. ‖ Date on which scheme is expected to become operative. ** Based on 8/6/79. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Barclays Intl.	Mar.	59,700	(62,100)	—	(—)
BP	Mar.¶	724,100	(512,000)	—	(—)
Burco Dean	Mar.	753	(720)	2.0	(1.67)
Carroll Inds.	Mar.	2,660	(1,300)	2.99	(2.15)
Carr's Milling	Mar.	475	(466)	1.0	(0.9)
Comet Radiovsn.	Mar.	5,530	(4,240)	1.9	(0.98)
Cowie (T.)	Mar.	756	(704)	0.8	(0.73)
Dobson Park Inds.	Mar.	6,630	(6,350)	1.65	(1.5)
Fisher (Albert)	Feb.	36	(51)	Nil	(0.25)
Grand Metrop.	Mar.	52,183	(43,155)	2.5	(1.75)
Hickson & Welch	Mar.	3,810	(3,740)	1.5	(1.33)
Martin Newsagent	Apr.	2,268	(1,886)	3.26	(2.84)
McCorquodale	Mar.	2,380	(2,260)	2.64	(2.3)
Morgan Crucible	Mar.	2,970	(2,660)	—	(—)
Muirhead	Mar.	831	(852)	2.2	(2.0)
Nth. British Steel	Apr.	14	(565)	0.66	(0.66)
Northern Foods	Mar.	12,041	(10,870)	1.65	(1.5)
Ward (Thos. W.)	Mar.	6,167	(4,686)	2.09	(1.65)

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airflow Strmlines.	Feb.	803	(910)	10.4	(12.6)	2.74	(2.45)
Armitage Shanks	Mar.	4,552	(2,479)	14.4	(6.4)	5.2	(4.3)
Atkins Bros.	Mar.	709	(632)	11.2	(9.3)	4.1	(3.67)
Bishops Stores	Mar.	1,410	(802)	25.8	(14.1)	2.89	(2.61)
Brent Walker	Dec.	652	(355)	8.4	(1.6)	1.38	(1.25)
Carless Capel	Mar.	2,580	(2,300)	5.2	(3.6)	1.03	(0.92)
Century Oils	Mar.	1,260	(1,150)	12.1	(10.8)	2.9	(2.63)
Cohen (A.)	Dec.	1,960	(1,780)	26.3	(39.5)	6.0	(5.43)
Culter Grd. Bdge.	Mar.	787	(508)	4.8	(3.8)	1.5	(1.0)
De La Rue	Mar.	26,603	(28,340)	51.3	(54.5)	1.06	(10.0)
Eva Inds.	Mar.	1,982	(3,012)	12.3	(21.6)	5.4	(4.8)
Finlay (James)	Dec.	12,149	(15,780)	14.4	(20.5)	5.03	(2.19)
Francis Parker	Dec.	790	(34)†	2.8	(0.4)†	—	(—)
Guthrie	Dec.	20,897	(19,647)	31.0	(31.8)	21.0	(15.0)
Hrrsns. & Crosfld.	Dec.	52,300	(53,300)	52.7	(51.7)	24.03	(21.78)
Highams	Mar.	1,806	(1,165)	14.5	(9.1)	3.43	(3.01)
Jones (Edward)	Dec.	28L	(47)L	—	(—)	—	(—)
Leigh Interests	Mar.	665	(862)	8.9	(6.9)	6.5§	(5.5)§
LOFs	Dec.	273	(130)	12.4	(6.5)	1.93	(1.75)
Lilleshall	Mar.	1,904L‡	(3,985)L‡	—	(—)	1.07	(—)
Mountview Ests.	Mar.	1,212	(958)	11.6	(9.2)	1.5	(1.32)
Parkland Textile	Mar.	2,568	(2,308)	31.0	(31.2)	3.22	(2.91)
Pegler-Hattersley	Dec.	14,210	(12,581)	31.1	(26.1)	8.58	(7.68)
Pritchard Services	Dec.	2,569	(2,176)	7.4	(6.1)	1.68	(1.50)
Scoteros	Mar.	1,460	(630)	13.4	(5.1)	3.86	(3.28)
600 Group	Mar.	11,896	(11,310)	12.6	(11.8)	4.56	(4.11)
Sketchley	Mar.	4,940	(3,660)	15.9	(12.9)	5.49	(4.69)
Sogomana	Dec.	761	(516)	13.7	(9.2)	9.0	(6.0)
Sumrie Clothes	Mar.	384	(203)	6.8	(3.4)	2.5	(1.5)
Warren Plantns.	Dec.	5,800	(10,900)	30.9	(40.6)	8.25	(7.33)
WGI	Mar.	2,057	(1,197)	31.0	(20.8)	7.0	(5.5)

(Figures in parentheses are for corresponding period.)
Dividends shown net except where otherwise stated.
* Adjusted for any intervening scrip issue. † For nine months. ‡ Loss attributable. § Gross. ¶ First quarter. L Loss.

Rights Issues

Grand Metropolitan: One for seven at 126p.

McCorquodale: One for four at 105p.

Scoteros: One for three at 60p.

PPOINTMENTS

Two directors for Steinberg Group

r. **Alan John Devine** and Mr. on **Lebor** have been apıted directors of STEINRG GROUP.

*

r. **D. J. Coats**, senior partner Babtie Shaw and Morton, has n appointed chairman of the JNCIL OF THE ASSOCIAN OF CONSULTING ENIEERS in succession to Mr. **G. Eldridge** of Binnie and tners. **Mr. J. W. Baxter** of G. insell and Partners was elecvice-chairman and **Mr. D. J. Wood** of Husband and Co., orary treasurer.

t the annual meeting election to the Council of following members was anneed, to fill the six vacancies: M. J. Beasley (Howard aphreys and Sons), Mr. M. mell (Watson Hawksley) L. G. Hadley (Donald Smith nour and Rooley) Mr. F. A. man (Sir William Halcrow Partners, Mr. J. K. Marshall nder Raikes and Marshall, ningham), and Mr. J. S. Torte (Steensen Varming Mul- and Partners, Edinburgh).

*

r. **John Womersley**, chief cutive of BURCO DEAN, will retiring as chief executive at end of September on mediadvice. He will remain a ector of the company. Mr. ek **Isherwood** will succeed as chief executive on Octo- 10. Mr. Isherwood is manıg director of UK operations.

*

ollowing Fairey Holdings' uisitions of Alldayy Aluminı a new marine division has n established within the rey Group, to be known as IREY ALLDAY MARINE. It l be headed by **Vice-Marshall Allan Trewby** until a chief cutive has been appointed. **William Allday** will join as nical director (engineering). ıer executives will be Mr. m Simmons, operations director and deputy managing director; **Mr. Alan Burnard**, technical director (naval architecture); **Mr. Howard Atkins**, finance director; and **Mr. Jim Caldwell**, general manager, marketing.

*

Mr. H. I. Davis has been appointed managing director of LESSER DESIGN AND BUILD.

*

Mr. Derek Barnett has been appointed chief executive of MAYNARD, REEVE AND WALLACE, the Lloyd's broking subsidiary of Edinburgh and General Investments.

*

Mr. Robert Giles has been appointed deputy managing director of BOVIS CIVIL ENGINEERING. **Mr. Eric Bates** takes over responsibility for the commercial division together with the newly formed management contracting division. **Mr. Brian Georgei** is appointed operations director and **Mr. William Fry** joins the Board as executive director responsible for the services division.

*

Mr. Ted Crannis has been elected president of the LONDON PRINTING INDUSTRIES ASSOCIATION. He is joint managing director of Barnard and Crannis. Vice-presidents of the Association are **Mr. J. W. Hooke**, managing director of Waterlow and Sons, and **Mr. F. S. Dobson**, managing director of Kingprint. **Mr. H. H. Caldwell**, chairman of Mears Caldwell Hacker has been re-elected honorary treasurer.

*

Mr. Bob Archer has been appointed special director, marketing services, for the BSG INTERNATIONAL Group of companies.

*

Mr. Brian A. St. John has been appointed group finance manager of the STRAITS STEAMSHIP COMPANY, a subsidiary of Ocean Transport and Trading. He succeeds **Mr. David W. Boyd**, who has been appointed general manager of Straits distribution division and managing director of the Ben Group of Companies.

Mr. Derek C. Henderson has been appointed to the newly-created position of commercial director of RACAL AUTOMATION.

*

TRANSMARK, British Rail's international transport consultancy, has made the following appointments: **Mr. D. L. Bartlett**, formerly a director, has become deputy managing director, **Mr. J. E. Todd**, previously a principal consultant, has been appointed a director, while two further principal consultants, **Mr. A. B. Englert** and **Mr. N. J. B. Alexander** have become associate directors.

*

Mr. David Norman Sharpe has been elected president of the PHARMACEUTICAL SOCIETY OF GREAT BRITAIN.

*

Mr. Frank S. Law has been appointed chairman of the CEAG CORPORATION in the U.S., a subsidiary of CEAG Lus and Brown Boveri of Germany.

*

Mr. R. C. Allardyce has been appointed to the board of GLANVICL ENTHOVEN (OVERSEAS).

*

Mr. Derek Wilkinson has been appointed to the Board of H. CLARKSON (LIFE & PENSIONS CONSULTANTS).

*

Mr. David Walker data processing manager of UNICHEM has been appointed management services director and joins the board.

*

SIMON FOOD ENGINEERING GROUP (an operating group of Simon Engineering has made the following appointments: **Mr. A. E. Fuller** has been managing director of the poultry and meat division. **Mr. G. W. Bryden** has been appointed managing director of Simon-Barron. He is also responsible for Simon-Heesen BV, Holland, and for co-ordinating feed milling engineering activities globally.

*

Mr. G. C. Cooper has joined the Board of SEDGWICK FORBES (CONTINENTAL) S.A., part of the Sedgwick Forbes Bland Payne Group. He will have special responsibilities to Thilly and Rittweger S.A., Brussels, but will normally be based at the Sedgwick Forbes Bland Payne group head office in London.

*

THE DEVITT LANGTON AND DAWNAY GROUP has made the following appointments: **Mr. M. Whale** director of Devitt Langton and Dawnay Day and group finance director. He also becomes a director of Howson F. Devitt and Sons. **Mr. P. C. Venus** has been appointed Group company secretary, company secretary of Howson F. Devitt and Sons and director of Bate Morgan Devitt and Sons. **Mr. G. F. Bowley** has been elected company secretary of Bacon Everitt Morris and Associates.

*

Mrs. Celia Goodhart has been appointed chairman of the NORTH THAMES GAS CONSUMERS' COUNCIL. She succeeds **Sir Christopher Higgins**.

*

Professor Arnold Heyworth Beckett, head of the department of pharmacy at Chelsea College, University of London, has been elected vice-prseident of the PHARMACEUTICAL SOCIETY OF GREAT BRITAIN, in succession to **Mr. David Norman Sharpe**, who becomes president.

*

Mr. C. Robert Black has been appointed general manager of TEXACO OIL TRADING COMPANY, a division of Texaco Limited. He is located in London and has responsibilities for crude oil and refined products trading.

*

Mr. M. H. Craddock has resigned from the board of LCP HOLDINGS and his other subsidiary directorships by mutual agreement.

*

Mr. E. J. Garner has resigned from the board of GARTONS and **Mr. R. O. Addis** has accepted an invitation to join the board as a director.

Executive post at Rediffusion

Mr. W. S. Robertson has been appointed to the executive staff of Redifon's parent company, REDIFFUSION LIMITED.

*

Mr. Michael T. Lennon has been appointed managing director of MARPLES RIDGWAY CONSTRUCTION, the civil engineering and overseas division of Marples Ridgway Limited.

*

Mr. Brian Thompson has become a director and general manager of JOHN BLACKWOOD HODGE, not Mr. John Thompson as reported on June 4.

*

Mr. G. M. Painter has been appointed the cargo underwriter of Syndicate 209 and has joined the Board of A. L. STURGE (SYNDICATES MANAGEMENT).

*

Mr. José Ochoa has been appointed an assistant general manager of SCANDINAVIAN BANK.

*

Mr. R. J. A. Unwin has joined the partnership of T. G. ARTHUR AND COMPANY. **Mr. D. G. Hargrave** has been appointed an assistant actuary.

*

Mr. Alan Thomas has been appointed chief executive-administration of DAVY CORPORATION. **Mr. John Caxton** succeeds him as company secretary.

*

Mr. R. E. Aldred, chairman of Taylor Woodrow International, has become a member of the OVERSEAS PROJECTS BOARD. He will provide the link between the OPB and the Export Group for the Constructional Industries.

*

Mr. Michael Spicer has been appointed parliamentary private secretary to **Mrs. Sally Oppenheim**, Minister for Consumer Affairs, and **Mr. Cecil Parkinson**, Minister for Trade.

*

INTERWAY CONTAINER SERVICE, INC. has made the following appointments: **Mr. John C. Hudson** has been made vice president—Pacific and will move to San Francisco, headquarters of the ICS Pacific area. Succeeding Mr. Hudson as vice president—N and S America is **Mr. Chuck E. Tingley**, who will be based at the ICS N and S America Headquarters in New York.

*

Mr. G. Jones of Walsall Conduits is the newly elected president of the BRITISH ELECTRICAL SYSTEMS ASSOCIATION. He succeeds **Mr. M. E. Hopley** of Conduit Fittings, the retiring president.

*

PHOENIX ASSURANCE has made the following appointments from July 1: **Mr. J. K. Norman**, to be general manager (administration); **Mr. B. D. Oram**, general manager (investment); **Mr. G. B. Simpson**, group chief accountant; and **Mr. D. P. Tandy**, deputy general manager (investment).

*

Mr. Andrew Cowie is appointed to the board of T. COWIE. **Mr. David Callum** is elected company secretary, which post **Mr. Malcolm Butcher** resigns while retaining his board position as financial director.

*

Mr. Tom Weatherby, managing director of Readson, has been appointed chairman of the Department of Industry's GARMENT AND ALLIED INDUSTRIAL REQUIREMENTS BOARD (GARB). He succeeds **Mr. Leslie Bamford**, formerly director of Coats Patons, who has been chairman of GARB since its inception in 1975.

Lead Industries UK sales dip

Home sales were lower in January and February for **Lead Industries** but since then most of its business has been at a good level, **Mr. I. G. Butler**, the chairman, told the annual meeting.

Overseas subsidiaries were continuing well and benefiting from the recent U.S. acquisitions. Performance by associates had been varied but they were now showing improvement on the early part of 1978, he said.

Harold Perry confident

So far in the second quarter **Harold Perry Motors** is maintaining the lead over last year's results which was achieved in the first quarter. Mr. J. F. Macgregor told the annual meeting.

"What we will have achieved in the first six months of 1979 encourages my continuing confidence that the full year will produce an acceptably higher profit than 1978."

WORLD STOCK MARKETS

Wall St. drifts lower

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—55½% (56%)
Effective $2.0630—23¾% (23¾%)

PRICES drifted to slightly lower levels in moderate trading on Wall Street yesterday, when Energy shares ran into some profit-taking along with a number of other issues.

The Dow Jones Industrial Average eased 1.82 to 835.15, reducing its rise on the week to 13.94, while the NYSE All Common Index, at $57.42, slipped 11 cents on the day but was still up $1.38 on the week. Declines led advances by 737 to 698, while trading volume dropped 11.99m shares to 31.54m.

The prospect of further oil price increases by OPECnations at their meeting later in the month affected market sentiment, while the outlook for theeconomy and interest rates is still unclear.

The SE run-up earlier in the week was partly in anticipation of more favourable Wholesale Price figures for May. Those figures came out Thursday morning and only briefly lifted the market before profit-taking set in.

Exxon slipped $¾ to $51¼, **Mobil** $¾ to $75¼, **Atlantic Richfield** $¾ to $65, **Getty** $1¼ to $45¾, **Halliburton** $½ to $69¾ and **Hughes Tool** $¾ to $53.

Active **Phillips Petroleum** fell $2¾ to $36½. Phillips' Phillips Group partnership cut its reserve estimates for its Norwegian North Sea Ekofisk Field.

National Airlines dipped $1¾ to $35¼—it is heavily dependent on McDonnell Douglas' DC-10 jet planes that were recently grounded. McDonnell Douglas recovered $¾ to $20¾.

Northrup jumped $2 to $32—it estimated its portion of the MX Strategic Missile project, just approved by President Carter, to be about $1bn.

Volume leader **Caesars World** dropped $3½ to $28½ on bearish Press comment. **Bally Manufacturing** lost $2 to $41¾—a two-for-one stock split was effective yesterday.

Kaiser Steel tacked on $¾ at $37¾—yesterday. It will raise prices on most of its flat rolled products.

THE AMERICAN SE Market Value Index lost 0.25 to 194.28 reducing its gain on the week to 6.28.

CANADA — Markets closed mixed in active trading yesterday, when the Toronto Composite Index lost 0.7 to 1570.2

Oil shares declined broadly as profit-taking was evident. The Oil and Gas Index came back 17.1 to 2735.7.

The Gold Share Index rose 17.4 to 1949.3, Metals and Minerals 4.2 to 1302.2, Utilities 1.29 to 238.24 and Papers 0.48 to 162.33. Banks shed 0.91 to 290.98.

Kaiser Resources lost $¾ to $24¾ but **Texaco Canada** gained $¾ to $70—both are part of a joint venture with Mobil Oil Canada which has made a second successful gas test off Sable Island.

TOKYO — Slightly lower after late *profit-taking and liquidations* pared early gains.

Blue Chips and Populars generally lower on growing concern over possible increase in Bank of Japan's Official Discount Rate next month.

"Big-Capital" issues, Non-Ferrous Metals and Shippings fell after a firm start.

Oils rose, although initial uptrends were curbed. **Arabian Oil** up Y120 to 5,170, **Nippon Oil** Y10 to 1,540 and **Showa Oil** Y24 to 499.

GERMANY—Widespread improvement following recent downward pressure.

Motors rallied up to DM 2.50, Banks up to DM 5.80 and Chemicals up to DM 2.50.

Public Authority Bonds showed gains of up to 20 pfennigs and losses of up to 55 pfennigs. Bundesbank bought nominal DM 1.2m of stocks.

Mark Foreign Loans barely steady.

SWITZERLAND—Prices generally recovered on selective demand for "Quality" stocks after recent weakness.

Banks and Insurances narrowly mixed, Financials steady.

Leading Industrials slightly higher.

Bond Market remained *depressed, despite open market* intervention of National Bank.

Dollar stocks around overnight New York levels. Dutch Internationals steady, Germans improved.

AUSTRALIA—Prices eased further as leading Industrials and Minings lost ground in reaction to Thursday's increase in Commonwealth Bond interest rates.

Bankings hard hit, with New South Wales down 26 cents to A$3.39.

Southern Pacific added 20 cents at A$4.25 and **Central Pacific** 40 cents at A$11.0—directors outlined plans to begin production from Rundle oil shale deposits.

HONG KONG—Slightly easier in active trading.

Indices

NEW YORK —DOW JONES

	June 8	June 7	June 6	June 5	June 4	June 1	1979 High	1979 Low	Since Compilt'n High	Since Compilt'n Low
● Industr'ls	835.15	836.97	835.50	831.34	821.90	821.21	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (8/7/32)
H'me B'nds	84.93	84.82	84.75	84.59	84.21	84.59	85.90 (2/2)	82.92 (3/5)	—	—
Transport.	258.46	259.24	258.12	256.61	254.51	255.10	259.24 (7/6)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	105.82	105.79	105.06	102.47	102.20	101.65	104.84 (6/4)	98.51 (15/5)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	31,540	43,530	40,100	35,090	24,060	24,580	—	—	—	—

● Day's high 839.48 low 831.25

	June 1	May 25	May 18	Year ago (approx)
Ind. div. yield %	6.16	6.01	5.96	5.50

STANDARD AND POORS

	June 8	June 7	June 6	June 5	June 4	June 1	1979 High	1979 Low	Since Cmpil'tn High	Since Cmpil'tn Low
‡Indust'ls	112.37	113.28	112.72	111.88	110.40	110.25	118.69 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.63 (30/6/32)
§Composite	101.49	101.79	101.30	100.62	99.32	99.17	105.64 (10/4)	96.13 (27/2)	125.85 (11/1/6)	4.40 (1/6/23)

	June 6	May 30	May 23	Year ago (approx)
Ind. div. yield %	5.28	5.38	5.32	4.86
Ind. P/E Ratio	7.92	8.38	8.46	8.51
Lon Gov. Bond Yield	8.95	8.98	9.05	8.43

N.Y.S.E. ALL COMMON

June 8	June 7	June 6	June 5	1979 High	1979 Low
57.42	57.55	57.23	56.81	58.18 (10/4)	53.88 (27/2)

Rises and Falls

	June 8	June 7	June 6
Issues Traded	1,898	1,911	1,904
Rises	698	1,011	984
Falls	737	496	512
Unchanged	463	404	408
New Highs	—	91	64
New Lows	—	16	27

MONTREAL	June 8	June 7	June 6	June 5	1979 High	1979 Low
Industrial	267.68	267.30	264.54	262.81	267.80 (7/6)	219.19 (2/1)
Combined	266.72	266.55	263.17	261.41	265.65 (7/6)	225.80 (2/1)
TORONTO Composite	1570.2	1570.9	1555.7	1557.9	1570.9 (7/6)	1516.5 (2/1)
JOHANNESBURG Gold	—	291.5	291.7	288.2	295.4 (28/5)	228.4 (17/4)
Industrial	—	317.7	316.1	315.2	350.0 (23/5)	270.5 (2/1)

	June 8	Pre-vious	1979 High	1979 Low
Australia (¶)	577.58	584.45	597.68 (19/3)	545.72 (2/1)
Belgium (‖)	105.97	106.01	108.09 (3/5)	93.60 (3/1)
Denmark (**)	95.06	96.00	97.23 (10/6)	88.32 (8/1)
France (††)	79.1	78.8	81.6 (2/5)	71.6 (15/2)
Germany (‡‡)	729.9	718.4	839.8 (16/1)	719.4 (7/6)
Holland (§§)	71.4	71.8	85.9 (24/1)	71.3 (7/6)
Hong Kong (¶¶)	552.30	555.24	588.90 (6/3)	493.23 (2/1)
Italy (‖‖)	78.80	77.21	80.01 (4/6)	68.38 (2/1)
Japan (a)	443.05	445.65	462.97 (31/1)	435.22 (10/4)
Singapore (b)	—	402.25	404.13 (23/5)	346.34 (23/2)

	June 8	Prev-vious	1979 High	1979 Low
Spain (d)	98.81	98.47	111.56 (8/3)	93.03 (12/1)
Sweden (e)	352.87	347.72	401.34 (6/2)	347.72 (7/6)
Switzerld (f)	305.4	304.8	329.1 (2/5)	294.0 (3/1)

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 29/12/78. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stock traded	Closing price	Change on day
Caesars World	1,379,900	28⅛	−3⅜
Bally Mfg.	570,300	41⅞	
Charter Co.	476,200	26½	+2⅜
McDonnell Douglas	451,600	20⅝	+⅛
Itel	426,800	11½	
Phillips Petrolm	415,700	36½	−2⅜
Tescord	409,000	15⅞	+⅛
Texaco	325,500	26⅝	−⅛
Champion Spark	315,600	13½	+⅛
IBM	312,000	77¼	

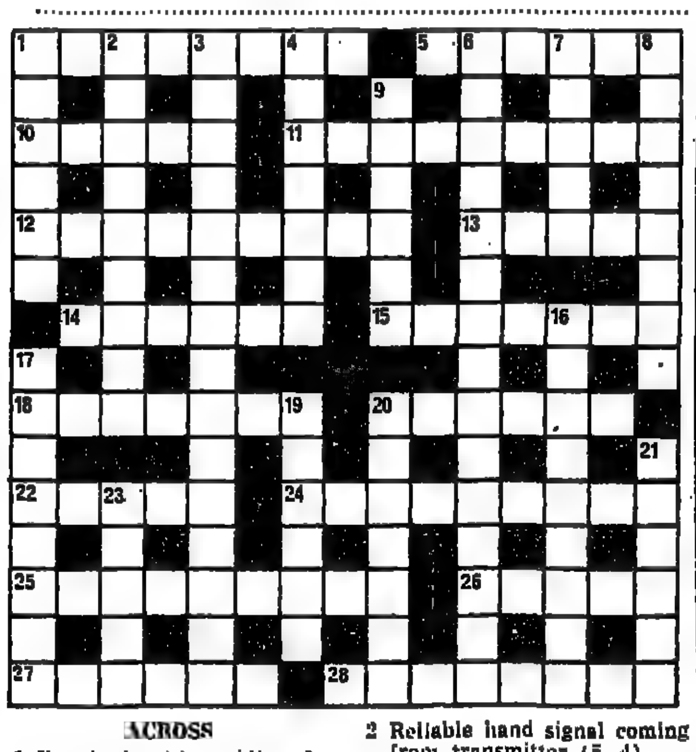
F.T. CROSSWORD PUZZLE No. 3,991

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



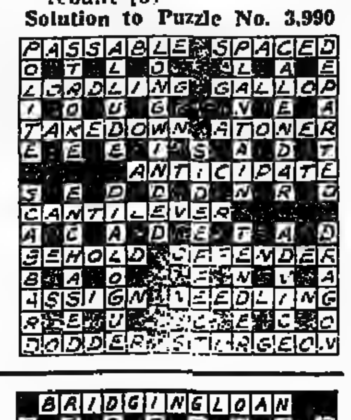
ACROSS

1 Fort built with rapidity (8)
5 Going to fix printing process (6)
10 Believe in settlement of property ... (5)
11 ... and sign in morning for each beach (9)
12 Curious anaesthetic for one for instance (3, 6)
13 Betting system Frenchman uses as family symbol (5)
14 Georgia has folk tradition in plenty (6)
15 Person getting a taste for embroidery (7)
18 Builder gives key to priest (7)
20 Watery deception seen during motorway storm (6)
22 Thread left to land in sea (5)
24 Inform police over conspiracy affecting turf to some extent (5, 4)
25 Prisoner travelled when taken round at the same level (9)
26 What is plain nervousness in part found next to the bull (5)
27 Fears it may become sadder (6)
28 Incorporated briefly in muddled reply that's magnificent (8)

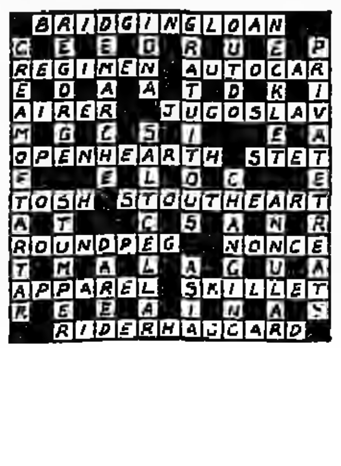
DOWN

1 Get to the bottom of six feet (6)
2 Reliable hand signal coming from transmitter (5, 4)
3 Bottled beer is still in danger (3, 3, 2, 3, 4)
4 Quiet call to a doctor the French shuffle (7)
6 Off the cuff judgment of new book (5, 10)
7 Hardly any Socialist leader gets over hypocrisy (5)
8 Revealing sign of skimpy washing (4, 4)
9 Old Bob leaves car with wireless operator (6)
16 Member (look quickly) has stroke at Lords (3, 6)
17 Salesman—tied up—put back (8)
19 Notice with respect (6)
20 Design the German wind (7)
21 Lie they say on floor (6)
23 Feeling Essen should be rebuilt (5)

Solution to Puzzle No. 3,990



SOLUTION AND WINNERS OF PUZZLE No. 3,985



Following are winners of last Saturday's prize puzzle:

Mr. R. Borman, 22 Queens Road, Minehead, Somerset TA24 5D2.

Ms. J. Linnell, 110 South Knighton Road, Leicester LE2 3LQ.

Mrs. H. E. Rutter, 28 Washingborough Road, Heighington, Lincoln LN4 1RE.

RACING BY DOMINIC WIGAN

L'Ile du Reve has class to win Oaks

L'ILE DU REVE, one of the half dozen or so most illustriously bred fillies in the world, can further add to her already astronomical paddock value with a win in todays Oaks at Epsom.

The filly, owned by Daniel Wildenstein, is a good looking bay by Bold Lad out of Lupe, who triumpher in this race a few years back. She has won both her races to date in the style of a top-class performer. She won by one-and-a-half lengths from Crystal Queen in a field of 23 in the April Maiden Stakes at Sandown on her racecourse debut. The margin would have been considerably wider had Joe Mercer so wished.

L'Ile du Reve then took the Cheshire Oaks with even more authority. Sent on some three furlongs from home in that group 3 classic trial, she won as she pleased. At the line, Senorita Poquito was her closest pursurer seven lengths away with Cottage Pie a further five lengths back. It wil be one of the mapor classic upsets of al time if Senorita Poquito proves capable of reversing those placings.

Although that form may amount to little the manner in which she quickened when asked to go and win her race, was to my mind, the most memorable feature of the meetings. Cecil who could have saddled Formulate and Odeon to make it a three-pronged challenge, is happy to rely on L'Ile du Reve. I shall be surprised if that confidence does not prove to be well founded.

Remozo's Pet was another easy winner last time out, racing to a four lengths success over Lightening Record in the Musidora Stakes at York. But neither she nor Godetia strikes me as being quite up to the standard required to win an Oaks.

For anyone looking for an outsider with prospects of making the frame on still yielding ground which could tell against several of the 14 runners, Scintillate appears to be an attractive proposition. Considered extremely backward by her trainer Jeremy Tree, before the Sandleford Priory Stakes at Newbury, Scintillate, a daughter of Set Free, went on to win gamely over Crystal Queen.

The Queen, who may still pick up group prizes with Milford, who was patently not suited by the course when finishing tenth in the Derby, *can gain some slight compensation* today through Contralto. Despite the lack of a previous run this term Lester Piggott's mount should have the class to outpace 11 opponents in the Ebbisham Stakes.

EPSOM

1.45—Pieces of Gold
2.20—Contralto***
2.55—L'Ile du Reve**
Scintillate (each way)
3.30—Dominus
4.05—City Link Lass*
4.35—Sole Grise

NCB prize for safety device

A NATIONAL Coal Board inspector has won £200 for inventing a device which tests high voltage cables.

Mr. Brian Perry, based at Blackwell in North Derbyshire, has made it possible to test cables of up to 12,000 volts, and then safely discharge electricity stored in them. His idea could save the NCB £5,000 a year.

SPAIN

June 8	Per cent	
Asland	104	—
Banco Central	299	—
Banco Exterior	262	—
B. Granada (1,000)	134	—
Banco Hispano	269	—
Bco. I. Cat. (1,000)	143	—
Banco Madrid	201	—
B. Santander (250)	301	− 2
Bco. Urquijo (1,000)	237	—
Sniace	46	+ 1
Sogefisa	128	—
Telefonica	73.5	+ 0.5
Union Elec.	60	− 0.5

BRAZIL

June 8	Price Cruz	+ or —	Cruz Div.	Yld %
Acesita	1.16		0.14	12.07
Bancodo Brazil	1.61	−0.05	0.11	6.51
Banco Itau PN	1.31		0.10	7.63

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Financial Rand U.S.$0.90½
(Discount of 23.4%)

FINANCIAL TIMES SURVEY
Saturday June 9 1979

KENYA

A remarkably smooth transition of leadership after President Kenyatta died last year has maintained intact the political stability he established. Now Kenya needs to sort out its relations with neighbouring countries and at home faces some tough economic challenges, the most pressing one being over the balance of payments.

[T]he era [t]hat [f]ollows [K]enyatta

[B]y Martin Dickson, [A]frica Correspondent

[CA]LMLY, constitutionally and [wi]th a fresh sense of vigour and [pu]rpose, Kenya is entering a new [er]a—in what is probably its [mo]st important period of [po]litical change since indepen[de]nce.

[T]he process was set in motion [las]t August when Jomo Ken[ya]tta, the country's sole presi[de]nt since independence in 1963, [die]d peacefully in his sleep.

[T]here were many who feared [tha]t the death of such a political [gia]nt might lead to a bloody [suc]cession battle and loss of the [nat]ion's much-envied political [sta]bility—one of Kenyatta's most [im]portant achievements.

[B]ut Kenya proved the [pro]phets of doom wrong. The [con]stitution was adhered to [me]ticulously as Mr. Daniel arap [Mo]i, the vice-president tem[por]arily took over the leadership [in] a 90-day interregnum.

Mr. Moi, who will be paying a state visit to Britain this month, was then elected unopposed as Kenya's new president—and he has since been cautiously stamping his own, populist mark on the office.

In a small but significant pointer, he has introduced his own catchphrase—*nyayo*, meaning "follow the footsteps"—into the political vocabulary, alongside Kenyatta's old rallying cry of *harambee*, or "let us pull together."

It is a measure of the sure but subtle change taking place in Kenya that while *nyayo* was originally meant to show Moi following in Kenyatta's footsteps, it has now come to connote a shift in direction as the new administration follows its own path.

For the moment, however, the Government is treading delicately, and understandably so: there was significant opposition to President Moi's succession from within the Kenyan power elite, particularly from some members of the Kenyatta family and entourage, and these forces for the moment retain substantial representation in both parliament and the Cabinet.

President Moi is therefore waiting until after general elections later this year—expected to produce a great shake-up in the composition of parliament—before carrying out a major reshuffle of the Cabinet he inherited from Kenyatta.

With its political base more securely established, the Government should then be able to devote more energy to Kenya's longer-term challenges, notably over the economy and foreign policy.

In the foreign affairs field, the Government faces a new configuration in East Africa following Tanzania's overthrow of Idi Amin and the closer ties this means between Tanzania and Uganda, Kenya's former partners in the now defunct East African Community.

Squabbling

Kenya, which adopted a rather inept neutralist posture during the Tanzania-Uganda conflict, has fences to mend with Tanzania over both the war and the squabbling between the two over the break-up of the East African Community. At the same time, the Government will be keen to ensure good relations (and enhanced trade) with Uganda's new government.

President Moi will also have to make a fresh assessment of the threat posed by Somalia, whose claims to a large slice of Kenyan territory are the major cause of the Government's greatly increased defence spending.

Turning to the economy, Kenya again faces major structural balance of payments constraints, from which the 1976-77 boom in tea and coffee prices gave it but a temporary respite. Now, with the price of coffee (and Kenyan production) sharply down, and with defence spending and the cost of oil imports sharply up, balance of payments difficulties have reappeared with a vengeance.

This means that it will be far harder for Kenya to meet its ambitious growth targets and therefore more difficult to achieve the Government's declared policy of "redistribution through growth"—the more equitable sharing of future GDP increments.

To solve the structural nature of the payments problem and push forward with its redistributive goals, the Government will have to take some tough decisions on economic and social policy. Perhaps the major question facing Kenya now is whether the Moi administration has the strength and willpower to carry through its excellent intentions in the face of vested interest.

The country's future stability could depend on its ability to do so. While there is now tremendous goodwill for the new Government, Kenya faces substantial unemployment difficulties, mounting pressure on the land, a large gulf between rich and poor and, perhaps most worrying in the long-term, one of the highest population growth rates in the world.

The Government's early moves have been encouraging, but its most important achievement so far has been the very simple one of maintaining stability after Kenyatta's death. Such a smooth transfer of power is an event all too rare in Africa, where control so often changes hands via the gun.

However Kenya's transition could have gone horribly wrong. The Government has since revealed that senior members of the political establishment and police plotted to stage a coup on Kenyatta's death, forming a private, para-military group under the disguise of an anti-stock theft unit. President Moi was to be have been assassinated, together with his two close allies in a ruling triumvirate — Mr. Charles Njonjo, the Attorney-General, and Mr. Mwai Kibaki, the new Vice-President and Finance Minister.

Events in Kenya might have taken a very different turn if not for a fortuitous set of circumstances: President Kenyatta died suddenly (so there was no chance for the plotters to prepare themselves) and he died in Mombasa, not at his home in the Rift Valley (where the plotters could have kept his death from the public while eliminating their rivals).

It is a chilling reminder that beneath the calm surface of political life in Kenya lurks a streak of ruthlessness which is prepared to use violence as a political weapon. It is a trait which also surfaced in 1975, with the brutal murder of Mr. J. M. Kariuki, the outspoken backbench MP, and in the shooting in 1969 of Mr. Tom Mboya, the gifted Luo politician.

That the handover was ultimately peaceful owed much to the legacy left by Kenyatta himself, who gave the country the political stability necessary for its impressive economic development. In turn, that development created powerful vested economic interests which could ill-afford to see stability threatened by political adventurism.

But for all the many achievements of the Kenyatta era—the relatively smooth Kenyanisation of jobs and land, the maintenance of good race relations and a vital emphasis on agricultural development—the final years of his rule revealed another ugly side to the country's unbridled free enterprise capitalism.

Resentment

As Kenyatta's grip weakened, corruption at the highest levels of society became increasingly a public talking point—and more and more a source of resentment by the have-nots. In particular, allegations were levelled against the President himself and some members of his family and immediate entourage.

Partly because of this, the Government became less tolerant of criticism. Even though Kenya remained one of Africa's most open societies, several critical members of parliament were detained, as was the distinguished writer Ngugi Wa Thiong'o. Adding to the malaise, a succession struggle was being waged between two rival groups, one centred on Moi, Kibaki and Njonjo, the other around members of the Kenyatta family and its entourage.

If this sinister atmosphere had persisted, against a background of harsher economic times, popular resentment might have become a difficult force to control.

As it is, President Moi's accession to power has changed the mood of Kenya immeasurably for the better, and this is perhaps the single most striking feature of the country today. In the civil service, for example, there is a new sense of vigour and confidence; across the country there is an air of optimism, a sense of greater freedom and a new beginning.

Why should this be? After all, the Government's general policy framework remains essentially what is was in the Kenyatta era and most of the people running the country are those who were running it before, some selective weeding of officialdom notwithstanding.

The answer seems to lie as much in a change of style in Government as in the content of policies. There is a "new broom" atmosphere about.

The Moi administration could hardly fail to rule more decisively than was possible before Kenyatta's death, when Cabinet meetings were few and there was a degree of drift and infighting in the Government.

On top of this, while broad policies might remain the same, there is a greater belief in the present Government's commitment to achieving those goals. One example has been its drive against corruption; a policy to which little more than lip service had been paid for many years.

BASIC STATISTICS

Area	219,788 sq. m. 569,251 sq. km.
Population (1977)	14.34m
GNP (1977)	K£1,762m
Per capita	K£122.8
Imports (1977)	K£533.2m
Exports (1977)	K£649.7m
Exports to UK (1978)	£114,604,000
Imports from UK (1978)	£195,679,000
£=K£0.780 (May 29, 1979)	

Since Mr. Moi's advent to power, there has been a succession of selective sackings in the police and civil service and more heads seem likely to roll after the election.

The emphasis of the drive seems to be on preventing the abuse of office in future, rather than in bringing people to court for past offences. Cynics would say it could hardly be otherwise, since there are so many members of the elite with sullied hands that there could be no saying on to whom a witch-hunt might rebound.

Nevertheless, the drive does seem to be producing results: a climate has been created in which it is far more dangerous for people to try to give or accept bribes.

CONTINUED ON NEXT PAGE

Mixed economic progress

"THE ECONOMIC and financial situation facing our country has deteriorated significantly recently," President Moi warned Parliament earlier this year. "While Government will do all that it can to minimise the effects of that deterioration, it may be necessary to delay implementation of some already agreed projects. Some belt tightening will certainly be necessary."

The President was speaking against a background of serious balance of payments constraints which could endanger targets set for the country's fourth development quintennial. It was this prospect which led the Minister of Finance, Mr. Mwai Kibaki, to put a request for US$500m more aid over the next five years to last month's consultative meeting of donors in Paris.

Although the skyscrapers of Nairobi and the luxurious beach hotels may give tourists a different impression, Kenya is in fact a poor country—something Britain recognised last December when loans totalling £69m were converted to grants.

The economy had a mixed performance in 1978. Although manufacturing continued to expand, agricultural output declined, and the economy grew in real terms between 4 and 5 per cent. Inflation continues to run in double figures, currently about 12-14 per cent.

The 1979-83 plan, discussed in more detail elsewhere in this Survey, anticipates a 4.5 per cent growth this year, *forecasts a strong recovery to 7 per cent* in 1980, and an average rate of 6.8 per cent for 1980-83.

However, these figures appear optimistic to most observers. There is general acknowledgement that the balance of payments will be a severe constraint and part of the long-term answer is one of the "hard options" listed last year by the Minister of Finance. Kenyan manufacturers and industrialists are approaching the limit of import substitution and must raise efficiency and quality in an export drive which will help shift the country from its heavy dependence on coffee and tea as foreign exchange earners. This strategy, like efforts in agriculture to make greater use of arid and semi-arid regions, faces many obstacles.

Four factors in particular brought about last year's overall payments deficit of K£78m, and will lead to an estimated 1979 deficit of at least K£55m: a decline in world coffee and tea prices as well as a fall in coffee production; a rising import bill as export receipts fell; an oil bill which will consume about a quarter of 1978-79 foreign exchange earnings; and sharply increased defence spending.

Coffee and tea sales have provided as much as 60 per cent of export earnings. But the fall in world prices meant that coffee income for the first nine months of last year was down 45 per cent, and tea fell 8 per cent. The position has been made even worse by two successive years of unseasonally heavy rains. The coffee crop has fallen from the record 101,000 tonnes in 1976-77 to 85,000 tonnes in 1977-78, and perhaps to as low as 60,000 tonnes in 1978-79.

Widening

In the meantime imports have been rising. In the period January-November 1978 imports were up 36 per cent in value, while export earnings had fallen 24 per cent. Figures to the end of August 1978 show a dramatic widening in Kenya's trade balance. The deficit on the trade account was K£189m compared with a surplus of K£15.5m during the same period of 1977.

What must be taken into account in this alarming contrast is the fact that the high import bill of K£50-55m a month in 1978 represents a lag in the spending of receipts of the coffee and tea boom years of 1976 and 1977. A buying spree in the business community built up stocks, and it is estimated that in many companies stocks cover more than a year's needs—a comfortable cushion for the tighter times ahead.

Further, the money has often been well spent by farmers. Tractor imports, for example, rose to 1,527 in the first half of 1978 from 929 in the same period of 1977.

Nevertheless, the rapid fall in foreign reserves worries Government officials. From a record K£234m in October 1977 they dropped to K£136m by the end of 1978. Despite a slight recovery in the first part of this year, a K£38m quarterly oil bill soon due will reduce them to around K£114m—a little over two months cover. Meanwhile defence outlays have risen considerably, reflecting concern about stability in the region, notably fears about Somali claims on northern Kenya. Spending has jumped from K£19m in 1975-76 to £81m in 1977-78.

Apart from the considerable foreign exchange cost—one economist calculated that up to a third of 1978-79 export earnings will go on defence—the skilled manpower demands in maintaining increasingly sophisticated equipment are considerable and divert expertise from the industrial and business sectors.

Some observers of the Kenyan economy argue against taking too gloomy a view of the balance of payments position. Defence spending, they believe, may have peaked after what has been a re-equipping exercise. And increased trade with Uganda in the wake of the overthrow of Idi Amin could provide a considerable boost.

The combination of immediate aid and the long-term reconstruction of the Ugandan economy could stimulate a mini-boom, some businessmen believe, worth tens of millions of pounds, and alleviate balance of payments problems. Already there are benefits from donors who spend a considerable proportion of the aid on Kenyan products which are sent on to Uganda.

The major imponderable in assessing the benefits is whether the new administration in *Uganda*, installed primarily by *Tanzanian troops*, will attempt to shift the traditional link with Kenya to closer co-operation with Tanzania. However, *both existing transport* routes and Kenya's industrial and manufacturing resources will make such a shift difficult to put into practice.

But despite likely benefits, many economists think that such relief would be short-lived. The balance of payments problem, they believe, reflects a structural weakness which was exposed during the oil crisis of 1973-74, when prices quadrupled. It was only temporarily disguised by the coffee and tea boom of the mid-1970s.

This view gains a broad measure of agreement within and without Government. Kenya's record of non-agricultural exports has been generally poor, as has been the diversification of industry and manufacturing. In real terms exports have grown only 3.5 per cent a year over 1972-76 and the share of exports in total (constant prices) of GDP fell from 34 per cent in 1964 to 29 per cent in 1976.

These were some of the factors which underlined Mr. Kibaki's warning, during his budget address last June, that balance of payments constraints and the level of defence spending could mean a postponement of development goals.

It was this disquieting prospect which prompted the Government to impose a number of curbs at the beginning of this year. Wide-ranging restrictions were imposed on air travel beyond Kenya. Another major measure was a regulation requiring traders to register a list of the goods they want to import with the Central Bank, accompanied by deposits — refundable after six months — varying from 25 per cent to 100 per cent of the total value.

Early in 1978 the Central Bank had introduced restrictions on credit, and this was followed last August by a deliberate slowing down of import approvals. They had been running at a rate of about K£50m a month in 1977 and K£55m in the first half of 1978. The effect of the restrictions should be reflected in the trade figures for the first months of this year, not yet available.

Meanwhile, in November the Government had reached agreement with the International Monetary Fund (IMF) on a U.S.$22.4m stand-by *loan. Further negotiations, concluded* in May, have gone "very well," Mr. Kibaki told the Financial Times, and he expects that *Kenya may* draw on a second tranche towards the end of this year.

Speculation

Inevitably there has been considerable speculation about the likelihood of devaluation of the Kenyan shilling as part of the IMF terms for the second tranche.

The Minister takes a cautious view. The IMF, he argues, by training and experience "is geared to look at industrial economies where various changes take effect almost immediately. But in an agricultural economy like this you cannot have an immediate effect. Our main foreign exchange earners are agriculture, so whatever you do you have to wait for the crop, and that may be six or nine months. In between these months, many things happen.

"In circumstances where you are dependent on the weather, and where what you are earning is tea and coffee, all the elasticities they talk about have no meaning. You are not going to encourage the consumption of tea or coffee just because you have changed prices. They must begin to see the exchange rates as one aspect, one tool in a package, and then we would begin to talk the same language."

The outcome of the debate remains to be seen. But several economists within and outside the Government believe that the shilling is overvalued and is a major obstacle in efforts to increase non-agricultural exports. They also argue that import controls are difficult to manage and increase opportunities *for* corruption.

Devaluation aside, Mr. Kibaki acknowledged in the interview that the gap between what Kenya can raise and what the first year of the Development Plan requires has widened. But, he adds, "we would like to start this plan the way we have laid it down," and Kenya intends to bridge the gap by a combination of IMF and other institutional borrowings, bilateral loans and commercial loans.

In addition, participants at the World Bank chaired consultative *group meeting on the* Kenya economy, held in Paris in mid-May, were requested to consider temporarily *shifting some of their project aid to* programme or commodity (such as wheat and fertiliser) aid to *alleviate balance of payments* difficulties.

Bridging the resource gap is likely to be a major issue. One informed analysis argues that the Plan targets may be optimistic, both in terms of growth of export earnings that can be achieved and the amount of external financing that will be required. It forecasts a gradual rise in GDP growth to around 5 per cent in 1980 (plan: 7 per cent), and 5.5 per cent between 1981 and 1983.

And even this lower growth, the analysis suggests, would require higher levels of external borrowing and on harder terms than proposed in the plan. Nor does it appear possible—as the plan hopes—to completely phase out suppliers' credits and borrowing from financial institutions. The analysis concludes that even with an acceleration of commitments on loans from multilateral and bilateral sources, there would be a residual gap of K£160m for 1979-83.

It seems clear that a key factor will be the performance of the industrial sector. The policy of import substitution which was responsible for the rapid growth of manufacturing after independence, is coming to an end. The "hard" option of the promotion of exports, particularly those using Kenyan raw materials, must now be tackled.

Protected

It will not be an easy task. Industry has been protected by quantitative restrictions on imports and other privileges leaving many manufacturers with little competition. Prices have risen and quality has sometimes suffered. But Government appears determined to end the quantitative protection, and instead the tariff will be the principal form of protection for infant industries.

The Government will come up against some powerful vested interests. Civil servants themselves are permitted to have business holdings, some of which will be adversely affected. Trade unions will follow closely the impact of unemployment. "It will be painful, but we must do it," says a Government economist. "*Some firms will be hurt; some will go bust, but we have no* choice—the policy of import substitution is coming to a dead end."

At the same time, the agricultural sector faces considerable challenges. It holds three of the five target groups whose poverty is to be alleviated, is expected to provide the bulk of new jobs in coming years and is expected to raise production.

The challenges in agriculture and elsewhere have already been identified. A year ago a vigorous debate about Kenya's development path was taking place, initiated by frank appraisals from Government Ministers themselves.

Now the debate has gone a step further and the country has an economic blueprint. It remains for the policies to be put into action, but the process so far augurs well as Kenya enters the 1980s.

Michael Holman

New era

CONTINUED FROM PREVIOUS PAGE

It probably will be impossible to stamp out corruption completely. What is important is that if present trends continue, Kenya may halt the malaise before it spreads from the elite through society, averting the endemic all-pervasive corruption to be found in some West and Central African states.

The anti-corruption drive has been an important factor in building up the credibility of the new Government, and a series of gut populist measures announced by Mr. Moi in his first few months of office has further enhanced its standing.

Perhaps the most dramatic was his release of all 26 detainees held by the Kenyatta Government. He has also ordered a review of the Government's land allocation policies, has abolished some school fees, ordered free milk for all primary schoolchildren and started a national literacy campaign.

Equally important in creating a new atmosphere is Mr. Moi's own character. A relatively simple, straightforward man, he may lack Kenyatta's charisma *but he is an artful local politician* who has spent years travelling around the country gathering grassroots support, which he has aplenty.

Advantage

A key characteristic is that he comes from a branch of the tiny Kalenjin tribal group, which gives him a double-sided advantage: he is seen as representing the interests of tribes other than the dominant Kikuyus, and is therefore a source of hope to many people from lesser ethnic groups. At the same time, the Kikuyus do not see him as a threat to their position, because of both his limited tribal base and the fact that Kibaki and Njonjo are both Kikuyus.

Mr. Njonjo, the Attorney-General, is very much the *eminence grise* of the Government, a conservative power-broker who is constantly at Mr Moi's side. Mr. Kibaki, Minister of Finance since 1969, is an impressive technocrat turned politician who brings to Government an intellectual force which Mr Moi lacks.

It is a triumvirate of talents which seems to be working well, but it is not without enemies, as demonstrated by the 1976 "change the constitution" movement. This was an abortive attempt by an anti-Moi faction to prevent *him taking over from* Kenyatta for the constitutionally-approved 90-day interregnum, thus depriving him of a head start in the race for the succession. Leading members of the Movement included Mr Mbiyu Koinange, the then powerful Minister of State in President Kenyatta's office, and Dr. Njoroge Mungai, President Kenyatta's nephew.

Although the bid failed, the anti-Moi faction still exists and a major theme of the election campaign will be a struggle for seats between it and the governing group.

The divisions between the two stem from a complicated tangle of factors, one major strand of which is the traditional rivalry between Kikuyus from the southern Kiambu district, near Nairobi, and the more northerly people from Nyeri and Muranga. Kiambu was President Kenyatta's home area, so the conflict also contains a strong element of competition for power between the former president's entourage and relatives and the new rulers.

Around this essentially Kikuyu conflict, other tribes and individuals have taken sides, in some measure on the basis of opportunism and self-interest.

There are, for intance, links between the anti-Moi group and Mr Oginga Odinga, the veteran Luo leader who was jailed by Kenyatta and had his Kenya People's Union (KPU) party outlawed.

He has *been trying for* several years to stage a political comeback as a member of the Kenya African National Union (KANU), the country's sole political party, but he has been prevented repeatedly from standing for office by the *Government*.

Mr. Odinga still commands substantial support among the Luo's Kenya's second largest tribe, who are politically divided into establishment and anti-establishment groups. Although calls have been made for Mr. Moi to allow him and other ex-KPU members to stand in the elections, it seems as if this will be one exception to the Government's new broom approach.

The election is widely expected to result in a resounding win for the Moi group, although it could suffer some reverses in both Kiambu and the Luo heartland of Nyanza. Several senior members of the anti-Moi faction, notably Mr. Koinange, could well lose their seats and those who are returned to parliament will not figure in the new Cabinet.

As it is, the election has led already to the resignation of some senior civil servants and heads of *Government-owned* corporations, ostensibly so they can contest seats. In several cases, however, this is believed to be a mere excuse, allowing the men concerned to leave their jobs with a degree of dignity rather than being sacked by the new Government. This demonstrates a degree of political subtlety which is unusual in Africa.

With the electorate apparently in a mood for change, it is believed that as many as half the sitting MPs and several Ministers could lose their seats, leaving behind a younger, better educated and much more vocal parliament.

That parliament could become a thorn in the side of the Government, for although Mr. Moi retains an immense fund *of goodwill, the change of* administration has greatly raised popular expectations, many of which cannot possibly be fulfilled.

Balance

One of the Government's trickiest tasks will be to maintain a careful balance between tribal forces, since the non-Kikuyu are hoping for a greater share of the national cake under the Moi administration, while the Kikuyu will not take kindly to any diminishing *of their role*.

President Moi does enjoy impressively broad popular backing—he has even made a successful trip to Nyanza province, the first presidential visit there since President Kenyatta's car was stoned by disaffected Luos in 1969.

But the new leader needs to capitalise on this goodwill with economic results, so people can *see a reduction in regional* (and therefore ethnic) disparities of wealth and in the rich-poor divide.

The Government is well aware of these difficulties and seems determined to tackle them. Mr. Moi talks earnestly of a decentralisation of decision-making, while the newly-published national plan—perhaps the most impressive document of its kind in Africa—takes as its theme the "alleviation of poverty" among the poorest 50 per cent of the Kenyan people.

This, however, will have to be achieved against a background of slower economic growth than the impressive 6.5 per cent rise in real GDP recorded in the first decade of independence. In 1972-78 growth averaged just 4.7 per cent a year, partly because of the 1974 oil crisis, a drought in 1975, and the break-up of the East African community in 1976.

Bearing in mind these jolts, the economy has come through a stormy period in relatively good shape, but it faces ever tougher constraints on development.

Because of limited high-potential land, farmers increasingly are being pushed out into the more marginal, semi-arid zones, where returns on capital are likely to be lower. In industry, Kenya has almost reached the limits of import substitution and needs to become more export competitive.

The Government's attitude to industry could become a key test of its reformist protestations generally. The plan foresees a gradual lowering of the protectionist barriers which have allowed industry to earn large profits by supplying consumers with high-priced goods, *sometimes of inferior quality*, which cannot hold their own in the export market.

If the Government sticks to this policy—and therefore to the free market approach to the economy which has played such a vital role in Kenya's development—it will have far-reaching ramifications.

In the short term, there would be a significant redistributive effect (particularly if coupled with a devaluation of the Kenyan shilling) towards rural areas at a time when the domestic terms of trade appear to be moving against the agricultural sector. In the longer *term, a restructuring of industry* could affect Kenya's pattern of development for the rest of the century, giving it a better chance than most African countries of achieving a Brazilian or Indian level of industrial development.

There will, however, be powerful vested interests working against reduced industrial protection. Will the Government be prepared to carry out its plans even though this may mean some bankruptcies and increased unemployment for a time?

A similar question mark stands against many other tough Government policies, such as the sub-division of large farms into smallholder units and its promise to review the freedom of civil servants to engage in private business.

These are standards against which few African countries are judged, but Kenya is no ordinary country. Its growth record, its economic liberalism, the relative efficiency of its civil service and infrastructure and its concern with the rich-poor divide are all rare qualities. If Kenya is judged by high standards, it is because it has set them itself.

By these standards, the Moi Government has made a good start. But it would be wrong to be too euphoric. The political atmosphere in Kenya may be healthier now, but many words still have to be translated into deeds.

Development plan sets high target

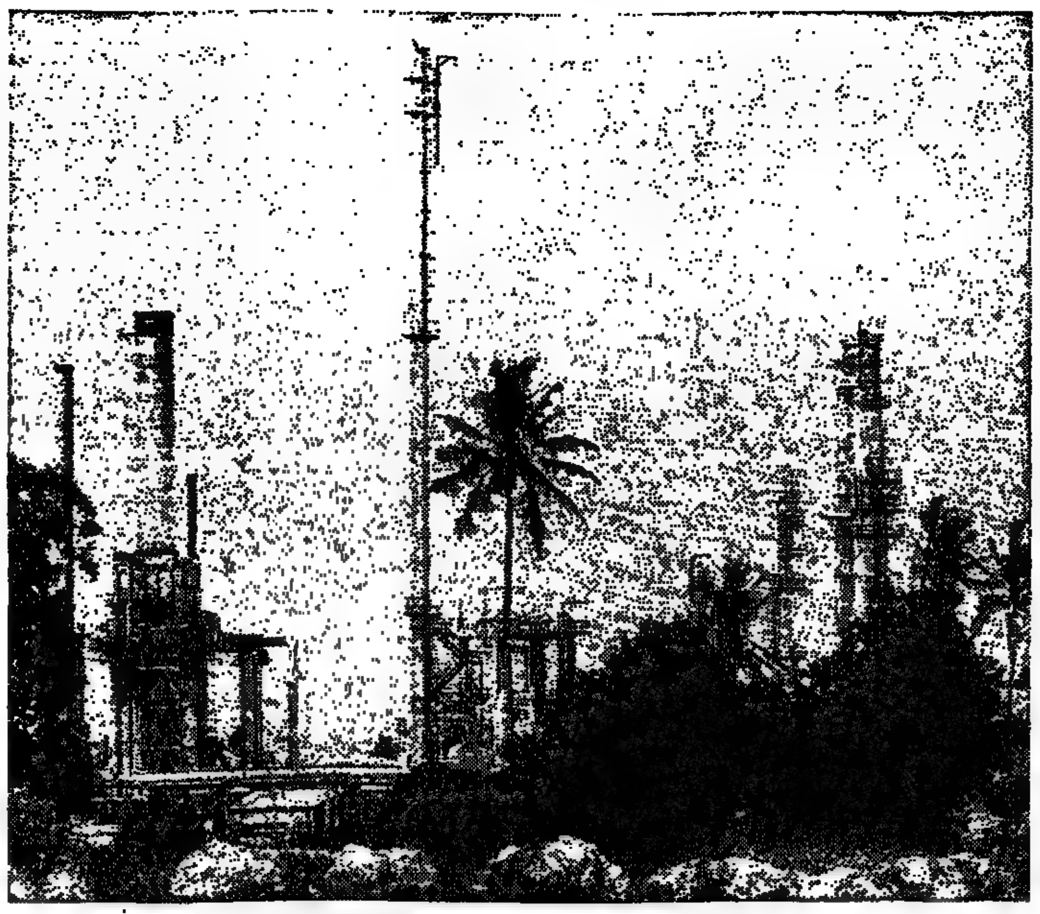
LLEVIATION OF poverty" he theme of Kenya's fourth ional Development Plan ering the period 1979-83 ch aims for an annual overall wth rate for the economy of per cent. It is an ambitious . As President Moi himself s in the introduction, des- the progress over the 15 s of independence, "our in- es are still very low and the ority of our people are still poor."

t the same time there is the gnition that easy forms of elopment in agriculture and istry are coming to an end. istribution of white-owned . must now be followed by e intensive farming tech- ies and greater use of less luctive land, for example, e industry must shift from ort substitution to greater of local materials and in- se exports.

e planners have faced three or constraints: balance of nents, the related gap be- n Government revenue and nditure, and the gap be- m domestic savings and stment targets. The degree which these constraints are come to a large extent de- l on the success of the Plan ies.

ve target groups have been tified, all of whom have low mes and few opportunities: l farmers; the landless and tters; pastoralists; handi- ed adults; and the urban . With their families these ps represent about half of ya's 14-15m population.

though open unemployment stimated for 1978 at 9 per of the labour force—about 00 people—the planners not regard it as the most us issue. Taking up points e in the International our Organisation (ILO) rt on Kenya published in , the Plan states: "Open nployment, visible as it is e urban areas and among ol-leavers, is of smaller nitude than the problem of working poor, those who , often very hard and for hours, for very little ne."



The oil refinery at Mombasa rises above the tropical palms

eeds

he most serious problem," ntinues, "indeed, the most s development problem, at of the working poor." is to be tackled on four s: by creating more jobs; oving expenditure patterns; ing basic needs in nutrition health, education, water housing; and improving the a and quality of institutions. wever, before looking in detail at the programme, worth considering briefly outcome of the previous year plan. It does not set ncouraging precedent. The all growth average was 4.7 cent compared to the fore- 7.4 per cent. Export mes grew at 1.5 per , and agriculture at 1.5 per , and there was no slacken- in the population growth rate of at least 3.5 per cent per annum.

To a great extent the inadequate performance was due to factors outside the planners' control. Oil prices quadrupled in 1974 and two successive droughts in the mid-1970s badly hit agriculture. The break-up of the East Africa Community in 1977 resulted in heavy capital costs in equipping the national airline and other institutions, while defence spending soared.

Of course, not all developments were adverse. The coffee and tea boom of 1976-77 came just in time to ease a growing balance of payments problem. But the net result is that Kenya's challenges at the start of its fourth development Plan remain essentially the same: sustaining agricultural annual real growth at rates similar to the first decade of independence (5 per cent), pushing the industrial sector towards export orientation and greater efficiency; ensuring a more equitable distribution of income and reducing population growth.

Yet the 1979-83 plan had not left the printer before it became clear that there had been developments which could knock it off course. The severity of the balance of payments deficits, discussed elsewhere in this Survey, was not fully taken into account. Further, the planners did not anticipate some of the recent defence spending. Nor could they have anticipated a number of costly measures introduced by President Moi, who took office last August at a point when the Plan was in its final stages.

The President ordered free school milk for students in the first seven years of school (K£9m a year); the elimination of school fees for the final two years of elementary education; a national literacy campaign; and called on the public and private sectors to increase their employment by 10 per cent.

Meanwhile, underlying what is a predominantly agricultural economy is reliance on the weather. Thus one Kenyan official, noting that the latest coffee crop forecast for 1978-79 had fallen from an estimated 80,000-85,000 tonnes to 60,000-70,000 tonnes because of unusually prolonged and heavy rains: "It makes economic management and planning very difficult. What we were banking on yesterday is no longer true today."

In the view of some economists the plan is over-optimistic about its balance of payments forecasts and the terms on which outside assistance will be raised. Planners have declared that they intend to "limit to the minimum" reliance on foreign commercial loans because of the high cost. However, the above factors may make such a source necessary. In an interview with the Financial Times, Finance Minister, Kibaki acknowledged that Kenya may after all have to borrow on the Eurodollar market: "The resource gap—the gap between the money we can generate ourselves and what is required to finance the plan—has widened. We need to raise very large sums from other sources, including the Eurodollar market."

But setting aside these factors, what of other features of the plan? Perhaps what is most striking are the demands placed on agriculture. About 85 per cent of the population is dependent on primary production, and over 50 per cent of export earnings come from crops.

Options

The sector is expected to absorb 80,000 of the 266,000 work seekers each year, while a further 72,000 a year will go into rural, non-farm activities. It also contains three of the five target groups for alleviation of poverty—small farmers, landless rural workers and pastoralists.

Change in agriculture represents one of Kenya's "hard" development options. The land shortage has got more acute over the years—in 1965 the country had about 0.78ha of high potential land equivalent per person, which by 1985 will have fallen to 0.2ha. Greater use has of necessity to be made of the arid and semi-arid lands, which will be more costly to develop. Meanwhile there are no technological developments in sight comparable to those of the last decade, such as hybrid and short maturing maize.

The plan acknowledges these problems and the vote of the Ministry of Agriculture is going to rise from 12.6 per cent of total development expenditure in 1979 to 23.6 per cent in 1983.

The money will be well spent. Improved rural access roads, extension services and credit for the small farmer, social services within a reasonable distance, extension of water and power, and use of inexpensive and easily repairable technologies are some of the schemes.

They will make a considerable impact. Nevertheless, the sector targets appear too high to many observers. Under the Plan (plan 73-78 in brackets) monetary production growth rate per annum is 6.3 (4.8), non-monetary 3.0 (2.6). It is perhaps in the sector of monetary agriculture that the targets raise the most doubts.

As an economist put it, "With most poverty groups living in the rural economy, agriculture has to expand rapidly if the strategy of poverty alleviation is to work." However, one assessment of the plan's figures comes to the conclusion that rural-urban terms of trade are in danger of deteriorating over the plan period.

A second area of concern is the population policy. Although the strengthened family planning programme represents an advance over the previous plan, there remain doubts whether it can stem an increase which may be nearer 4 per cent than the official 3.5 per cent per annum increase.

Impressive

Yet whatever reservations there are about agricultural targets, other features of the plan have been welcomed, and represent an impressive degree of co-ordination and research.

Workers in the informal sector—work such as vegetable hawking, shoe repair, tailoring, furniture making and so on—have in the past faced many difficulties. But the Plan seems to have adopted many of the ILO recommendations on the sector which is expected to provide some 11,000 new jobs a year. It promises an end to harassment, and provision of essential services like running water and electricity and other facilities such as credit and extension advice.

In the industrial and manufacturing sector, the plan sets out an impressive breakdown of what will be done. Existing measures to encourage foreign investment will be improved by better project identification.

The Kenya External Trade Authority (KETA) will be strengthened, export incentives will be rationalised, and the role of the Kenya National Trading Corporation as an exporting agency will be extended. Other measures include an export credit guarantee scheme, promotion of small-scale industry, promotion of local resource based industries, accompanied by research and technology studies and better use of existing industrial capacity.

Those who have been involved in drawing up the plan maintain it has a dimension beyond percentages and targets. It is the extent to which Kenyans themselves participate in its implementation: "The process under the plan is as important as its contents," says a senior official.

In the past Kenya's 40 district development committees (DDCs) have played little part in policymaking. But if a process now taking place is successful, not only will the districts have prepared themselves for a major role in drawing up the next five year programme, but they will have provided the backbone for efforts to decentralise government after an increasing tendency to concentrate power in Nairobi.

The powers of the DDCs have recently been clarified, and planners hope that district officials will not only collect local information, but do more analysis, accompanied by a greater say in the development of their area. The success of decentralisation, however, will depend on whether the government is prepared to entrust district authorities with authority over spending of development funds.

Michael Holman

Land shortage hampering agricultural expansion

THE GLITTER of corrugated iron rooftops constantly catches the eye as you drive through the closely packed small holdings which stretch to the horizon across many parts of Kenya's highlands.

The sight is a small but significant pointer to the substantial wealth generated in many (but by no means all) of Kenya's rural areas by the country's impressive agricultural growth since independence: corrugated iron roofs are a preferred status symbol to grass thatch.

But the lank maize plants which can be seen straggling up the sides of rocky hillocks in the most densely cultivated areas point up a different lesson: Kenya is getting short of land suitable for high-intensity agriculture and expansion in future is going to be far more difficult to achieve than in the past.

Agriculture forms the backbone of the economy. About 85 per cent of the population lives in rural areas and earns its livelihood predominantly from the land. The sector provides well over 50 per cent of export earnings (with coffee and tea making the biggest contribution to foreign exchange receipts): and it accounts for about 30 per cent of GDP.

Compared to most African countries, Kenya has been a striking agricultural success story. It has diversified production to the point where the country has a measure of protection against wild fluctuations in the world market price of individual crops and where it is self-sufficient in most food crops, wheat and oilseeds being two notable exceptions.

It has created a strong smallholder sector which now produces about 50 per cent of Kenya's marketed agricultural produce, including about half of the country's coffee and a third of its tea.

And between 1964 and 1972 the monetary sector of agriculture was estimated to have grown at a very respectable real rate of 5.8 per cent a year.

However, over the past six years the growth rate has fallen to an average of 2 per cent a year, in large measure because of a severe drought which hit the country between 1973 and 1976. Heavy rains during the past two years have produced something of a recovery, but the Government seems very over-optimistic in hoping to achieve a 6.3 per cent annual growth rate in the monetary sector over the next five years.

Several long-term factors are likely to restrain growth, the most crucial being that less than 20 per cent of the country (most of it in the highlands which stretch west from Nairobi) is land of high and medium agricultural potential. Couple that with Kenya's population growth rate—at 3.5 per cent or more, one of the highest in the world—and there is immense pressure on the most fertile soil.

Concentrate

As Kenya's new development plan explains, in 1965 the country had about 0.78 hectares of high-potential land per person. In less than 20 years' time there will not be more than 0.2 hectares per person. "The easy expansion of output in the 1960s, when extensive areas of high-potential land was transferred from grazing to arable use, is no longer possible," says the plan.

As a result, Kenya is having to concentrate greater development efforts on the arid and semi-arid 80 per cent of the country. Much of this is suitable only for use as pasture, although some areas can be carefully put to arable use. (The development of these so-called marginal lands is discussed in another article in this survey.)

This does not mean, of course, that the high-potential areas are going to be neglected. There remains much that can be done here to increase productivity, the Government's principal aim being to strengthen and expand the smallholding sector, which can be particularly effective in the intensive use of land and seems to employ more labour per acre than large farms.

To this end the Government has announced three big policy changes which it says it will implement during the course of the 1979-83 plan period.

First, agricultural research and the provision of extension services are to be geared more towards the needs of the poorer smallholders, rather than the large farmer or more progressive smallholder.

Secondly, the Government plans to review its agricultural marketing structure and pricing policy, both of which work better than in many African countries but still allow some bottlenecks and anomalies to persist.

Third, the Government intends to take a fresh look at the emotive question of land tenure, setting up a special commission to examine all aspects of the problem.

In a country where every man considers it his right to have a plot of land yet some people own vast estates while an estimated 410,000 families are landless, property ownership is bound to be a hot political issue.

As far as agriculture is concerned, the Government's main policy effort is to sub-divide more of the 3,000 or so remaining large farms. About one third of these have been illegally subdivided already and the administration intends to legalise and regularise this. It also says it wants to see the subdivision of some other large farms and is arming itself with powers to take first option on any plot of more than 20 hectares offered for sale. This land would be made available for the leasehold settlement of landless families.

It remains to be seen just how actively the Government intends to use these powers and the extent to which it will be prepared to sanction the break-up of large farms in the face of vested interest.

Of Kenya's crops, coffee remains by far the most important foreign exchange earner; it brought in more than K£ 200m in the 1976-77 season and K£ 118m last season. As these figures suggest, the industry has gone through some sharp ups and downs in the past few years.

The 1975 Brazilian frost and the resulting boom in world market prices meant huge windfall gains for Kenya, particularly since this coincided with a record 101,000 tonne crop in 1976-77. Since then, however, crops have been smaller because heavy rain has prevented the formation of coffee berries.

Last year's crop was down to 85,000 tonnes and this year's could be below 70,000. Meanwhile, the price of coffee on the London futures market, which reached a peak of £4,232 a tonne in March 1977, is now down to about £1,500.

But while the rains have been bad for coffee, they have been excellent for Kenya's tea producers, who last year became Britain's biggest suppliers for the first time, exporting 46,382 tonnes to the UK.

As with coffee, a particularly striking feature of the Kenyan tea industry is its strong smallholder sector, which now accounts for one third of production (and should account for two thirds within a few years, when recently-planted bushes have matured).

Value

The 130,000 smallholders come under the aegis of the Kenya Tea Development Authority, which runs one of the most impressive schemes of its kind in Africa, with a well-integrated production structure and good field service to farmers.

It is particularly important that the Authority, together with other Government bodies handling export crops, returns to the producer most of the market value of his crop. This is in marked contrast to many countries where the Government sets its own producer price and then creams off the surplus. The Kenyan way provides an important incentive for the smallholder, who is keen to produce the most profitable crops.

Another example of Kenyan enterprise is the rapid expansion in recent years of horticulture exports to Europe—a trade which demands a high standard of product and high degree of organisation. Exports rose from K£1.5m in 1973 to K£6.4m in 1977.

There are, of course, agri tural problem areas. The formance of the livestock has been particularly appointing in recent years. seems to have been due pa to the Government's pric policy and partly to farm restocking after the drough

And while Kenya has b successful in making it almost self-sufficient in su a debate is now going on as whether the country is danger of producing too mu since it cannot be price petitive on the world market

In general, the Governm does not expect the wo market price of most of crops to improve over coming five-year plan per and believes some world pri might decline. The devel ment plan says that " balance, agricultural grow will have to rely primarily production development improved marketing efficie rather than higher produ prices."

So, with the terms of tr apparently running against countryside, Kenya will face battle to keep real rural inco rising. Yet, in large measu the development plan's goal "poverty alleviation" will won or lost by what happens the farmers.

Martin Dicksc

Hopes of transforming the semi-arid lands

HIGH ON a hill overlooking some of the loveliest scenery in Africa, a group of about 75 men, women and children have been waiting patiently for hours for some very special visitors—people who intend to transform their lives.

The view from this hilltop in the Kalama location of Kenya's Machakos district, east of Nairobi, is breathtaking. Away to the north, as far as the eye can see, stretches an endless succession of hills and mountains, first green, then brown and finally blue. In the valleys immediately below can be seen a patchwork of little terraced fields and homesteads belonging to the peasants now waiting for their important visitors from Europe.

But though the landscape will appear beautiful to most people, the agronomist will see great ugliness in the deep soil erosion scars on each hillside. And while the land is green now, this is the result of two rare years of good rain.

More usually the landscape is brown, for Machakos district is one of Kenya's so-called marginal areas—semi-arid lands with unreliable rainfull where some of the country's poorest people are found. Over 90 per cent of the population in southern divisions of Machakos were on famine relief in late 1976.

It is often not realised that only about 20 per cent of Kenya has high or medium argricultural potential and that there is intense population pressure in this fertile fifth of the country. As a result, peasants are increasingly being pushed out into the semi-arid areas, such as Machakos, where their attempts to apply old, familiar farming methods produce poor crops and rapidly destroy the fragile environment.

Poverty

Over the past few years, however, the Kenya Government has been placing increasing emphasis on the development of the marginal lands, for two main reasons. First, there is a limit to what can be done in the high potential areas and the country has to make the best possible use of all its land. Second, the Government is committed to the "alleviation of poverty"—helping the poorest Kenyans, many of whom are to be found in areas like Machakos.

To upgrade the quality of life in marginal lands, the Government is adopting the integrated approach to agricultural development. This means that rather than just concentrating narrowly on crop promotion, an attempt is made to link all aspects of development in an interacting whole, through the provision of health facilities, water, agricultural credit, advice and inputs and the encouragement of local industry.

Kenya has sought international aid for these programmes and Machakos—the first to start operating—is being funded by the EEC to the tune of 17.7m Units of Account (£11.3m) over the coming four years, with the Kenyan Government providing 3.7m.

And that is what brings Mr. J. P. Jesse, the EEC's new delegate to Kenya, plus a group of forestry advisers and water engineers, bouncing in land-rovers up a dirt track to a hill-top rendezvous with the villagers, who immediately burst into a frenzied display of dancing, brandishing their shovels and hoes to great effect.

Mr. Jesse tells the people he has a dream. "Here," he says, pointing to the small saplings growing on the hilltop, "I see a forest. There," he adds, pointing down to the valley, "I see water."

Trickle

The provision of small dams is a major element of the Machakos programme and will mean a transformation in the lives of many farming families. Take, for example, the first dam on the drawing board, an 18-foot high earth structure at Muumandu. This will be built over a stream which even in the rainy season contains a mere trickle of surface water. In the dry season, people must either dig in the sand of the river bed or else steal water from a dam on a nearby cattle ranch—some walking up to 10 km to do so.

The dams will be used mainly for domestic and animal consumption, with some downstream irrigation of crops in the dry season. And while a few of the dams will be conventional surface ones of packed earth, most will be sub-surface dams — concrete structures placed in the beds of streams and rivers, which are then allowed to silt up with water-retentive sand. In some instances, the geography only permits sub-surface dams, while in other areas the high evaporation rate makes this more practical.

But before any dam project starts, the EEC team is first insisting that villagers help carry out soil conservation work in the catchment area, because dams provided to Machakos in the past have silted up.

The conservation work involves the digging of terraces on hillsides and the building of cut-off drains (which makes water sink slowly into the soil rather than run off), as well as the planting of forests on hill-tops and sisal plants along the sides of roads.

All this is but one aspect of the central task of ensuring higher agricultural productivity and thus raising the rural income. To that end, farmers are being encouraged to grow mixtures of crops particularly suited to semi-arid conditions, such as sunflowers, beans, sorghum and millet.

The crop mixtures are so selected that if one variety of plant fails under particular weather conditions, the others will not; they are also designed to ensure a cross between subsistence crops, to be eaten by the farmer, and cash crops, which can be used to repay loans.

The provision of credit to the farmer is likely to be one of the trickiest but most vital parts of the programme. Elsewhere in Kenya, there have been complaints that the rate at which small-scale farmers are repaying their loans is too low. To try to avoid this, the EEC scheme will only give credit in kind—such things as seedlings, fertilisers and insecticides—thereby hoping to ensure that the farmer puts his loan to proper use.

In the town of Machakos itself can be seen the forerunner of what the planners hope will eventually be a district-wide network of small industrial centres, producing goods such as clothing, furniture, steel windows and wheelbarrows for the local market.

The Machakos operation is run by the Government-backed Kenya Industrial Estates, which is building up a network of rural industrial centres. It provides loans for small-scale manufacturers, lets workshops to them and gives technical and marketing aid. With EEC help, the aim now is to establish a network of similar but smaller "rural workshop clusters" across the district. There may eventually be a link-up with the agricultural programme, since EEC and KIE officials are discussing the possibility of extracting sunflower oil locally as well as processing honey.

However, the problems involved in establishing an integrated development programme such as that at Machakos are immense. In many respects it is far easier for an aid donor to give a country a single big dam than get involved in such a complicate project, involving a vast nur ber of small schemes, th coordination of several min stries, the support of the loc population and of rival polit clans.

On top of all this, integrate development is still in its in fancy, so there are no clea patterns to follow. All scheme are pilot projects, and Machako is no exception.

This means that the schem raised several questions abou development strategy generall How, for example, will the pro ject be sustained if and whe the EEC leaves? Will there b sufficient funds and trained ma power? Will the EEC hav worked sufficiently inside th existing Government structur for that to continue its task And will the local people re main motivated?

Despite these queries, th Machakos project is generall considered an excellent attemp to grapple with an immensel complex problem. If any proo of its value is needed, one nee look no further than the glea that comes into the eyes of th assembled villagers on the hil top as Mr. Jesse mentions th word "water."

It is left to the local chief, Mr Daniel Katata, to sum up thei feelings. Amid much clappin and ululating from the crowd he tells the EEC team that the are angels. "For when you tal about dams," he explains, "th people feel as if they hav reached heaven, for water i their main problem."

M.D

KENYA V

Protection for foreign investors continues

KENYA'S industry shifts m a post independence atesy of import substitution d attempts to boost exports, ernment policy towards eign investment remains stantially the same.

"We are continuing the same tection we have always given he foreign investor," declares . Mwai Kibaki, the Minister Finance. "The principle of nt ventures, for example, has n very well proven on the und, and we are clear now ut the sectors in which we nt foreign investment and nagement."

imilar encouragement came m President Moi himself lier this year. But he added appeal for investors to "take ong-term view and reinvest ir profits, involve local capital l Kenyans more meaningfully the investment programme, l use Kenya as a base for plying other markets."

'oreign companies in Kenya likely to respond favourably. e smooth transition after the th of President Kenyatta has intained both a stable politi- atmosphere and an economy ed on a free enterprise, pre- ninantly capitalist system in ch entrepreneurs are encour- d and in which many civil rants and politicians have a ted interest.

onfidence

. sophisticated banking net- k, a growing class of enter- ing Kenyan businessmen and ly communications with the of the world sustain confi- ce in the country as one of best bases in Africa.

he unchanged policy means : investors will continue to y the benefits of the Foreign estment Protection Act. Pro- d the Minister of Finance is sfied that a project will efit the country, he will issue rtificate of approved enter- e.

his certificate provides con- rable protection, including arantee of prompt and full pensation should property aken over compulsorily. The triation guarantee permits transfer out of Kenya of -tax investment profits, the oved proportion of net pro- s of sale, and the principal interest of any loan speci- in the certificate.

oreign investment in the strial sector has played a or part in Kenya's develop- it. The fourth national elopment plan, for 1979-83 its out that in 1972 and 1976 ign resources accounted for per cent and 14 per cent of s investment respectively. calculates that about 317m will be required for estment in the industrial sec- in the coming five years.

. potential investor would be l advised to read the chapter the plan which deals with nufacturing, commerce and rism. It sets out in detail ernment policy in these sec- , and outlines possible pro- s. The Government intends have a wide range of well pared schemes but stresses t foreign investment will be ouraged, particularly in rity industries.

'hese include basic steel, chinery, heavy chemical industries and machine tools, all of which require advanced technological and management skills. Industrial technology will continue to rely heavily on outside investments and therefore on technology from abroad—but the emphasis will be on appropriate technology.

Private sector manufacturers —particularly the multi-national companies—will be encouraged to carry out more of their research and development work in Kenya than has been the case until now, with especial attention to creating jobs.

The government does not intend to participate in financing the development of the majority of new industries. Instead it will identify new investment opportunities, find partners for foreign investors in the country, help local investors with feasability studies, and provide infrastructural facilities such as better roads and services, especially in smaller towns.

In assessing business proposals, the New Projects Committee, working within the Treasury, has responsibility for negotiations and agreements with foreign investors, including management contracts.

Is the committee a multinational watchdog? Mr. Kibaki sees it more as a product of experience. Useful information has been gathered over the years (there have been cases of multinational companies in Kenya whose foreign exchange saving is either negligible or negative), "so we want to study any proposed management contracts more carefully than we used to," the minister says.

But he adds: "On the other hand, we have become definitely more realistic about what an investor has to get if he is going to be encouraged to come out here."

There is much less debate, he says, about levels of profits and employment of key personnel in the management of the company. "We have come to be more realistic here—people who invest have certain basic requirements, which one has to agree to otherwise you won't get them."

A sophisticated banking network helps to sustain confidence in Kenya as one of the best bases in Africa.

Initiative

The Minister also maintains that Kenya has a better understanding of the industries it wants, and is prepared to take the initiative. "Before, we used to publish in rough detail the area we wanted the foreigner to join us in, and circularise everybody. Now we are able to take a project, look at three or four possible partners, and invite one to talk to us."

Meanwhile, Kenya's overall industrial strategy is beginning to change, as government encourages exports, the greater use of local resources, more labour-intensive techniques accompanied by appropriate technology, and the promotion of small-scale rural and informal sector enterprises.

The target is a 9 per cent a year growth in manufacturing over the plan period. Most industrialists and government officials accept that it will not be easy to achieve. Kenya's export performance so far has not been impressive, and efforts to reduce quantitive barriers—one of the main protective devices for some of Kenya's industries—will meet considerable opposition.

But at the same time the small businessman and entrepreneur will be encouraged. So Kenya Industrial Estates (KIE), a government-backed venture established in 1967, will expand in a restructured form.

So far KIE has provided premises at subsidised rents, together with managerial and technical advice and workshops, at Nairobi, Nakuru, Kisumu, Mombabsa and Eldoret. From the estates come a wide range of goods: sheet-metal products, Polythene bags, handicrafts, egg trays and steel windows, for example. But under the plan, KIE will provide more encouragement to small industries outside the main centres.

By the end of the plan period, all of Kenya's 40 districts will have their own estates, which in turn will serve Rural Industrial Development Centres, building on a programme launched in 1971.

Ten of these centres have been established throughout the country already, providing three main forms of assistance: help to a client at his place of work including demonstrations and on-the-job training; technical and managerial aid at the centre itself; and use of the centre's facilities, for which a charge is made.

A typical centre has an administrative building with offices and classrooms, and workshops equipped with power-driven machines and handtools for woodwork, metalwork and machine maintenance.

Approach

Different centres have adopted different approaches. The centre's work in the Embu area focuses on the introduction of new agricultural tools and implements in co-operation with a rural development programme. In Kakamega, in western Kenya, the emphasis is on processing local raw material from the agricultural sector, and using clay for brick and pottery making.

The next step is "rural workshop clusters." Clients have said their greatest need is cheap but well-constructed sheds with water and electricity, as near as possible to rural markets.

Underlying the whole approach is not job creation as such, but providing what one official called "a school for entrepreneurs." Jobs then follow, as one KIE success story illustrates.

The Tiger Shoe Company in Nairobi was started seven years ago by five young men who left an international shoe firm based in Kenya to set up on their own in KIE premises. From producing fewer than 50 pairs of shoes a day it has grown to Kenya's second-largest shoe makers, producing 2,000 pairs a day from a modern factory employing about 200 people.

M.H.

Schools switch to vocational skills

NYA IS planning to shift the phasis of its school curricu- away from formal education l towards vocational skills in attempt to prepare teenagers listically for the types of ployment which will face m when they leave school.

.t has been evident for some rs that the traditional course formal education in the mary and secondary schools not assure young men and nen of employment after- rds.

The Civil Service, which vays had great capacity for sorbing school leavers, is full . The Government-backed porations offer few new portunities and commerce d industry are not very eptive to would-be clerks th nothing exceptional to er in the way of qualifica- ns.

Yet, at the same time, there e shortages of workers in a owing number of technical d artisan jobs, notably in riculture, and education in ese areas will find increasing phasis in schools.

In general, Kenya has done ell in expanding education in e years since independence in 63. Enrolment of primary hool age children has risen om less than 50 per cent in 63 to 85 per cent today, while condary school enrolments ve increased nearly 10 times. But the Government has now decided that its first priority must be the creation of income-earning opportunities. "The increasing school enrolments in recent years are now to be translated into increased labour force entrants," says the newly-published fourth development plan. "The emphasis must shift from the number of places to improvements in the quality of education."

Expense

The emphasis will be very much on the rural areas, where 85 per cent of the population still lives. As one official explains: "In some areas they have to send broken-down tractors and farm machinery to Nairobi, at great expense, because there are no people to repair them in the country. We have to change all that by seeing that the rural areas have more skills."

In primary schools the aim is to improve the quality as well as the shape of education. Untrained teachers (comprising 20 to 30 per cent of the total) are to be phased out. They are expected to be sent for special training. Maths and technical subjects are to be strengthened in the curriculum. Over the next four years, 13 new boarding schools are to be established in the arid areas of the far North, where educational opportunities have lagged.

The number of teachers is to be increased by about 14 per cent, with slight reductions in class sizes.

Considerable changes are to be made in secondary school development, with increased emphasis on science and maths classes. It is expected that by 1983 (the end of the plan period) the ratio of technical to arts classes will stand at two to one.

In some areas secondary education and rural development is to be integrated by teaching agricultural studies and practical skills, and in some schools vocational agriculture will be taught. The plan is to add two or three secondary technical schools a year to those already in existence.

Kenya's unique *Harambee* schools — which are funded, created and managed by local communities — are to be supported more strongly by government, with the provision of trained teachers and equipment. Secondary enrolment in Harambee schools now exceeds enrolments in government-aided secondary schools.

Technical education is to be expanded at all levels. An engineering school is to be built at Kitale, emphasising agricultural mechanics, and another school at Shanzu will offer engineering courses. The two national polytechnics, at Nairobi and Mombasa, plan to increase enrolments by 25 per cent.

The University of Nairobi is to introduce a "scheme of service" to send students into rural areas to help development.

Plans are now in hand for a second university which will include studies on the problems of arid agricultural zones, marine science and engineering, chemical, water and mining engineering, and other technologies.

The key to the new emphasis on technical education is the supply of suitable teachers. There are 17 training colleges for primary teachers, all of which are to be expanded. Agricultural, technical and business courses are to be offered.

The Ministry of Education says that parents, who have always tended to wish white-collar jobs on their children, are now beginning to see the light on technical and vocational training. They are noticing that the person with a good technical background can nearly always get a job, whereas white-collar jobs are not so easy to find.

One problem being found with training technical teachers is that the skilled teacher is often snapped up by private-sector industry, his training lost to the Government—though not, of course, lost to the economy generally.

John Worrall

Aggressive tourist industry thriving

KENYA'S TOURIST industry is in a very healthy state, though patterns are changing—old markets are flagging, new markets are being sought for and found, and all-year-round tourism, once a daring experiment, has been found to pay dividends.

Fears in the industry last year of a sharpish downturn have not been realised. More tourists are making the long haul from Europe and elsewhere to sample the attractions of this beautiful country, and they are staying longer. A record amount of foreign exchange was earned last year. But the hotels, tour operators and the Government, with heavy investment in the industry, all say there is no justification for complacency in this competitive world. Kenya has to work hard and spend a lot of money to win tourists.

Mr. Mathew Ogutu, Minister of Tourism and Wild Life, says: "We believe we give good value, but areas of stiff competition are opening up, especially in the East. We spend a lot on promotion round the world and we shall have to spend more, work harder."

There have been murmurings from radical critics that tourism's aggressive commercialism has a bad effect on the national psyche, turning many young men, especially along the beaches, into Meditteranean-style spivs. The contrast between the free-spending of the tourists and the modest life styles of the local African population could be corrupting. On the other hand the industry has brought major employment openings.

Kenya's 1978 foreign exchange earnings from tourism are likely to total K£70m at current prices, compared with 1977's record K£62m making it the second biggest revenue earner after agriculture.

The hotels strung out along the coast north and south of Mombasa, and further north at Malindi, showed an 11 per cent increase in nights spent by tourists. There was an overall national increase of 4 per cent and an excellent peak season.

The game lodge and up-country business, however, lags behind—probably because it is more expensive and the main tourist clientele from Europe prefers to go to the beaches, with possibly a short game safari tacked on.

Luxury

In the old days, the safari was more popular, and the trade is trying hard to increase interest in game viewing. It has built new lodges and converted old ones, like Samburu, into luxury game viewing hotels.

Much of the lodge downturn is due to the marked reduction in tourists from North America (almost 30 per cent) in the past two years or so. Americans are, as it was put to me, "avid safari consumers."

One night at a lodge produces 50 per cent more in foreign exchange than a night on the coast, largely because more services, such as transport and guides, are involved. The Germans, the Swiss and the French are becoming more wild life orientated, but they do not balance the loss of the Americans.

Americans prefer the multi-country tour, for example spending part of their holiday in the game parks of Tanzania, part at Kenya beach hotels, with maybe a swing round South Africa as well. The closing of the Tanzania border has stopped this kind of tour, which was very profitable for the Kenyans, with their excellent tourist infrastructure. The fine game parks of Uganda were also included in tours, and now that peace has returned there, these will probably be included again one day.

Germany has contributed the bulk of tourists to the Kenya coast during the past three or four years and the French and Italian markets are perking up. British tourists are coming in again in larger numbers, following a fall in 1977.

Scandinavians began to come in healthy numbers in 1976 and 1977, but the numbers in 1978 dropped off by 18 per cent for, so far, unaccountable reasons. New markets are being tapped in Japan and a goodly number of expatriates holidaying from the Arab states and from other parts of Africa, spend their leave in Kenya.

Operators believe there is a big potential market in South America, especially in Argentina and Brazil, and Varig Airlines is likely to begin operations to Nairobi soon.

Nairobi, depending on business, official and conference visitors, is suffering a recession. The big jets from Europe can now fly direct to Mombasa, and coastal tourists do not need a night in Nairobi.

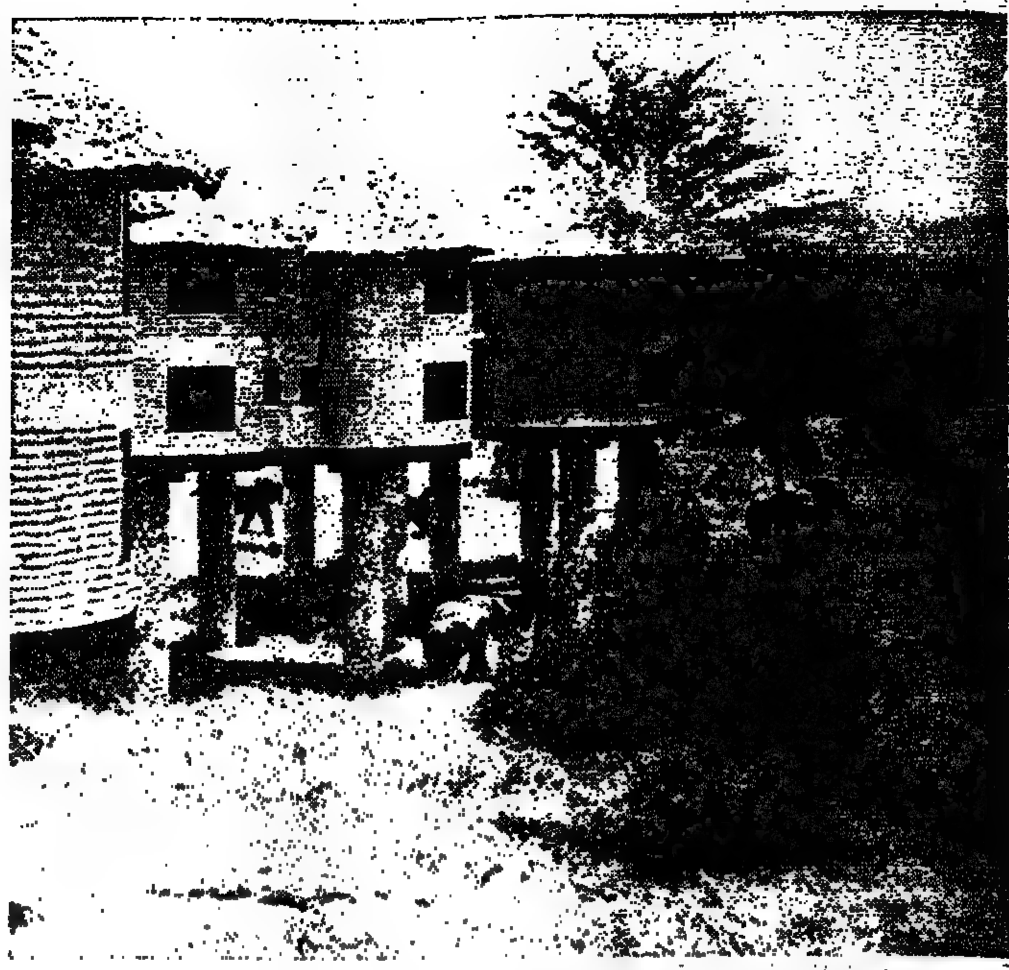
The splendid Kenyatta Conference Centre, holding about 4,000 delegates, is finding it difficult to compete with big new conference facilities elsewhere. There are complaints from the trade that it is not energetic enough in promoting its undeniable advantages as a conference venue. The chance of a safari at the end of a tiring conference is one plus point.

Tour operators big and small have been hit by rising prices of petrol, cars and minibuses, insurance and the 100 per cent deposit now demanded by the Government on all imports. The British-based United Touring Company, for instance, the biggest operator, has 480 vehicles, some of which it is modifying to take a bigger and more profitable "payload." It now uses a 17-seater minibus to take tourists from the coast hotels on safari to the Tsavo National Park.

Some hotels and lodges are now available for small conferences, such as Taita Hills Lodge, about 135 miles from Mombasa, owned by the Hilton, Nairobi. A conference room seats 80 at tables or 150 in rows, has PA amplified translation equipment and cine and slide projectors. Delegates can dive into a pleasant pool after the conference, and the food is excellent.

The search for variety with which to tempt tourists is endless. Luxurious tented camps, such as Fig Tree, are springing up to bring visitors nearer to the bush. A day safari in a genuine Arab dhow ends at a coral island for a fresh fish lunch. Thorn Tree Safaris take you on an eight-day dhow safari to the lost cities of the Lamu Archipelago, finishing at Lamu Island for a traditional Lamu banquet.

John Worrall



Game lodges like this one, Salt Lick, provide comfortable surroundings for tourists to view the wildlife though there are now fewer tourists from North America.

Game poachers in shooting war

DOWN THE road from the luxurious game lodge, beyond the teeming plains of the Masai Mara, behind the distant blue hills of the Tsavo National Park, a deadly shooting war is going on between game rangers and poachers after ivory and rhino horn. It is a continuing battle, scarcely suspected by tourists riding comfortably in zebra-striped minibuses, clutching expensive cameras.

Kenya's anti-poaching squads bravely shoot it out almost daily with heavily armed gangs, composed mainly of Somalis. Rangers have been killed and wounded. Often poachers are put to flight, leaving behind bloody elephant tusks and rhino horns. Sometimes the poachers win the battle. But whatever happens it usually means that more magnificent beasts have been left to die painful deaths somewhere in the bush.

In December, near Garissa in North Kenya, an anti-poaching squad arrested four poachers and seized four rifles after a running 17-hour gun battle in the bush. In the Taita Hills police recently arrested seven poachers found with five rifles, 72 rounds of ammunition and 22 tusks.

The Kenya Government is committed wholeheartedly to the war against the poachers. It is becoming increasingly conservation conscious, and has a rich tourist industry to protect, which brings in very large sums of foreign exchange.

The World Bank has stepped into the war by giving Kenya £17m to establish three large anti-poaching units, to buy aircraft, equipment and a fleet of 33 anti-poaching vehicles equipped with ground to air communications. A school for game wardens is also being established.

In 1978 the anti-poaching squads recovered 507 tusks and arrested 116 poachers. The Government believes it is winning the war but conservationists say that penalties must be stepped up, arguing that magistrates are not backing up the men in the field who are risking their lives. In one case a poacher found in possession of 47 tusks was fined about £600, which he was able to pay without much trouble.

It is hard to believe that there is not a "Mr. Big" somewhere behind the racket. It is a good business, with ivory fetching some £15 to £25 per kilo. Most of it finishes up in Hong Kong.

The elephant and the rhino are the main victims. Five years ago the Kenya Government estimated that there was an elephant population of about 167,000. Today, according to a survey done recently by the International Union for the Conservation of Nature (IUCN), they are down to between 68,425 and 71,419.

Two reasons for this steep decline are put forward. One is starvation, caused by climatic changes and over population in some areas; the other is slaughter by poachers. But many people believe that the elephant herds could recover their numbers fairly fast—with good rains as in the past two years, more conservation education among the rural people and better control of poaching.

The position of the black rhinoceros is far more serious. It may be rapidly on its way to extermination in East Africa. A special rhino group has been established in Nairobi by the IUCN. It believes that Kenya alone has lost 10,000 rhinos in the past six years, and that it is doubtful if more than 2,000 are left in the country. They are disappearing everywhere in the East Africa and Sudan area.

The rhino is a solitary animal, not found in herds like the elephant, and as densities are reduced the probability of reproduction is also reduced.

Rackets

It is evident that Kenya must step up its war against poachers, stiffen penalties, and bring some of the big men behind the rackets to book. Yet Kenya has a much better record than most countries in Africa in the field of conservation. It has banned all hunting, forbidden the sale of animal trophies in the curio shops, ratified the International Convention on Trade in Endangered Species, and is promoting the spread of conservation education among the people.

For the past two years the Government has been quietly involved in a fascinating and unique ecological project—a major monitoring undertaking by air and satellite observation of the wild and domestic animal populations of the great rangelands, which occupy some 80 per cent of the country, of the food and water available and of the movements of animals in response to the availability of these resources.

It is known as the KREMU project (the Kenya Rangeland Ecological Monitoring Unit) in which the Canadian Government (CIDA) is providing technical and financial aid (C$2.5m). Ground covered includes the big National Parks and Reserves, and some 25 species of larger game animals are being monitored.

At the end of the survey the Government will have much valuable data on which to base its livestock and wildlife management policies and will have advance warning on deteriorating range conditions. The information will also enable wildlife-based tourist activities to be properly planned.

However, wildlife conservation and management does not rank either first, second or even third in the thoughts of the majority of rural people.

Thus the activities of wildlife officers moving among the people are not always understood. One example is a resistance among tribespeople to maintaining the borders of the game park sacrosanct; they do not see why they should not graze their cattle inside.

Teaching rural people that animals, birds and trees are as much a part of their heritage as the land on which they grow crops and graze cattle is a vital priority for the Government.

J.W.

Lower margins at Brown Boveri

BADEN — Profitability of [B]rown Boveri, the Swiss engineering group, will be affected [thi]s year by lower margins, though sales and new orders [sh]ould be higher, Mr. Piero [H]ummel, the managing direc[to]r, said.

Because of tough competition [an]d low profit margins, the [gr]oup will have to make "strenuous efforts" to attain [la]st year's cash flow level, he [tol]d the annual meeting. This [it]self was 10 per cent down, at [S]wFr 579m, on the 1977 level.

Mr. Hummel forecast that net [pro]fits of the parent company [wo]uld be more or less un[ch]anged from the SwFr 41.7m [($]24m) of 1978.

The higher sales expectations [de]pend on a calm monetary [si]tuation and on developments [in] Iran, where the Swiss group [ha]s SwFr 700m of outstanding [or]ders.

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FUTURE EXPANSION of the [Sw]iss cement producer Holder[ba]nk is to be concentrated out[sid]e Europe, writes John Wicks [in] Zurich. The group, whose [an]nual capital expenditure [de]clined to SwFr 268m last year [com]pared with SwFr 515m in [19]74 foresees an upswing in [sp]ending from now on, says the [m]anaging director, Dr. Max D. [Ame]nstutz.

A particular area of concen[tr]ation will be the Americas.

Dutch re-draft insurance controls

BY CHARLES BATCHELOR IN AMSTERDAM

TIGHTER CONTROL of non-life insurance companies operating in the Netherlands is proposed in a draft Bill submitted to Parliament by the Ministers of Finance and Justice. At the same time the Government is considering the need for improvements in public information provided by insurance companies and their intermediaries.

The Netherlands has been forced to modify its 15-year old laws controlling the non-life insurance industry by an EEC directive, but it has also taken the opportunity to "revise" thoroughly its controls.

Under the new Bill, the Insurance Chamber, which regulates the industry, may withdraw a company's licence if it falls below standard. To obtain a licence, a company must show it has sufficient financial backing to provide information on the classes of insurance it will write, its tariffs, reinsurance policy and solvency.

Higher solvency margins are demanded by the Bill and many companies will now be required to maintain a margin of 17 per cent of gross premium income compared with 10 per cent before. Foreign companies operating in the Netherlands must meet the same standards. Moreover, to prevent the concentration of power within the insurance and banking worlds any company acquiring more than 5 per cent in another concern must seek permission.

The Finance and Economics Ministers are considering calling for a review of the information provided by the industry, and may seek the drawing up of standard policies. Proposals are also likely aimed at ensuring intermediaries provide enough information and help to customers.

The Dutch Association of Insurers has welcomed the Bill, although noted it "went further" than the EEC guideline. It pointed out that the detailed applicaion of some of the requirements would be left to the Insurance Chamber, and called for any exceptions to general rules to be made public to prevent the distortion of competition.

Kubota profits run ahead of sales

By Richard Hanson in Tokyo

KUBOTA, the major producer of agricultural machinery and cast iron pipes, raised its net parent company profit in the year to April 15 by 5.4 per cent to Y19.71bn ($89.6m)—after a decline of 13.8 per cent to Y18.70bn the previous year. Sales were up 4.2 per cent to Y482.96bn ($2.2bn), from Y463.55bn. An unchanged dividend of Y7.5 has been declared.

Agricultural machinery sales fell 7 per cent, and took only 37.9 per cent of the total, compared with 42.5 per cent the year before. Demand in the agricultural sector has been down, following the issuing of Government guidelines on the cutting back of rice production. Construction machinery sales were up 43.5 per cent.

Industrial machinery sales rose by 8.2 per cent; environmental control equipment sales were up 43.5 per cent; and home utilities and materials up 6 per cent. Pipe sales, accounting for 29 per cent of the total, gained 12.2 per cent. Demand for equipment, such as dust waste disposal machines was brisk.

For this year, Kubota is forecasting gains in sales in all its product lines, to bring total sales up 8.7 per cent, to Y5.25bn, and expects net profit to rise by 10 per cent to Y21.7bn.

Pre-tax profit, and special items, would increase more than 7 per cent to Y39.00bn from Y36.31bn, with rationalisation efforts offsetting material cost increases.

Mr. Keitaro Hiro, the president, said that the company hoped to pay an extra dividend for the current year, to commemorate the 90th anniversary of its foundation.

Gannett ties up $370m takeover

BY DAVID LASCELLES IN NEW YORK

GANNETT, the fast growing newspaper chain, yesterday confirmed its $370m merger with Combined Communications, the diversified media company, only hours after the Federal Communications Commission had approved the deal.

First proposed over a year ago, the merger ranks among the largest ever seen in the U.S. broadcasting industry, and creates a company with earnings and revenues which will place it 140th and 260th respectively on the Fortune 500 list, Gannett estimates.

Gannett, based in Rochester, New York, publishes about 78 papers in 30 states and owns the Louis Harris Opinion Poll Company. Under Mr. Allen Neuharth, its president and chairman, it has never shown a decline in year-on-year earnings in the 12 years it has been publicly-owned. Sales last year were $558m and earnings $83m.

Sensitive to charges that it represents a big concentration of press power, it frequently takes out advertisements in the large city newspapers proclaiming the diversity of its newspapers and their opinions.

Combined Communications owns seven TV and 13 radio stations as well as several newspapers and outdoor advertising companies. Its sales last year were $290m and profits $29m.

It was evident when the deal was announced in May 1978 that it would run into regulatory obstacles because of the large number of TV and radio stations involved. *Indeed, one reason* why it has taken so long for approval to come through is that several Commission members reportedly expressed concern about trends towards concentration of power in the broadcasting and publishing industries. However, Gannett agreed to sell off part of its broadcasting operation to satisfy the FCC's regulatory requirements.

According to Mr. Neuharth, the conditions imposed by the FCC are "rather a minor part of the whole deal." The combined company, he says, will have 80 daily newspapers, seven TV stations, 13 radio stations and the largest outdoor advertising operations in the U.S. and Canada.

Advance at Metal Box Singapore

By Georgie Lee in Singapore

METAL BOX Singapore has reported a 7.6 per cent improvement in group post-tax profit for the year to March, to S$3.98m (US$1.8m). Turnover rose sharply by 23 per cent to S$82.25m (US$37.4m).

Metal Box attributed the better performance largely to higher demand in Singapore.

With the improved performance, Metal Box Singapore has decided to raise its final gross dividend by 2 per centage points to 14 per cent, to make a total of 20 per cent for the year, compared with 18 per cent previously.

Record performance from Koc

BY METIN MUNIR IN ANKARA

THE KOC GROUP, Turkey's biggest industrial conglomerate, produced record turnover and net income for 1978, the second year of the country's worst economic crisis.

Net income totalled the equivalent of $133m, *nearly 30 per cent higher than the previous year. Sales grew by 20 per cent to $1.35bn.* New investment was 31 per cent higher at $60m.

The Istanbul group's sustained growth is typical of almost all big industrial conglomerates in Turkey. High inflation, coupled with heavy demand, has led companies to charge higher prices for their goods, with consequent record turnover and income increases.

The group's activities cover motor vehicle manufacture and distribution, domestic appliances, electrical goods, textiles and foodstuffs, as well as banking.

Koc, like many other big groups, looks forward to further sales and profit increases this year. The meaning of this for the economy as a whole is that with abundant profits to be made at home, exports remain unattractive.

The Koc group's total exports in 1978, for instance, were $25m—the same as the previous year, and representing half of the targeted amount.

Mr. Rahmi Koc, the group's president, said that his group's costs were too high to make it competitive abroad, with the Turkish lira also overvalued.

The incentives provided by the state he described as inadequate. "For every dollar we make in exports, we lose one dollar," said Mr. Koc. "Even with a 100 per cent loss, we are not competitive."

His words highlight the continuing dilemma of Turkish private industry. Traditionally, industrialists here have had a captive market—an economy sheltered behind tariff barriers and a population eager to consume.

The severe foreign currency constraint, *which* started in 1977, inflation running at about 70 per cent, a general drop in production, and strong demand has made this situation even more unreal. Industrialists generally produced less in 1978 and sold for more.

PUK blames metals and chemicals for setback

BY DAVID WHITE IN PARIS

SHARPLY LOWER profits from the metals industry in France and a loss in chemicals brought net results at the Pechiney Ugine Kuhlmann group down to FFr 261m ($59.3m) last year from FFr 377m in 1977.

The problems of PUK's two traditional sectors were offset in part by higher profits in light industry and in overseas processing activities, which between them made up 97 per cent of consolidated pre-tax earnings.

Group turnover rose 6 per cent to FFr 27.6bn. This was accounted for by an average 3 per cent rise in selling prices and a 3 per cent volume increase. By volume, despite a strong start to the year and signs of recovery towards the end, growth was down on the previous year's ½ per cent and was only 2 per cent for the group's French subsidiaries. Foreign subsidiaries increased their volume of sales by 6 per cent. Grouping both foreign companies' turnover and direct exports, 52 per cent of revenue came from outside France.

In metals, gross earnings from aluminium, PUK's biggest single activity, were down to FFr 408m from FFr 600m (excluding overseas plants), while its Ugine Aciers special steel subsidiary saw its loss widen to FFr 419m from FFr 345m. The parent company took over FFr 400m of this loss by abandoning credits made to the steel offshoot.

Parent company net earnings, announced in March, were down to FFr 120m from FFr 142m, and PUK has proposed to repeat its statutory minimum net dividend of FFr5 per share.

Overall, gross earnings from the main metals sector plummeted to FFr 50m from FFr 368m.

Matsushita Malaysia

PROFITS AT Matsushita Electric Malaysia for 1978 rose 16 per cent to 10m ringgits (US$4.5m), despite last year's sharp appreciation of the yen, compared with a profits growth of 45 per cent a year in 1976 and 1977, writes Wong Sulong from Kuala Lumpur.

Because of a lower tax charge, net profit for 1978 was 41 per cent higher, at 5.4m ringgit. Matsushita is maintaining its 20 per cent dividend.

Mercantile Exchange merger to be studied

NEW YORK—The Board of the troubled New York Mercantile Exchange has given preliminary approval to a merger with the prosperous Commodity Exchange, according to investment sources. The merger would represent a takeover of the Mercantile Exchange by the Comex, with the new exchange retaining the Comex name.

Details of the merger have yet to be worked out and the plan must be approved by the Comex Board, by the members of each exchange and by the Commodity Futures Trading Commission. "We're still very, very far from a merger," said Mr. Howard Gabler, vice-president of the Mercantile Exchange.

The Mercantile Exchange has been plagued by problems with its potato contract. The needs of Comex's lucrative gold, silver and copper contracts have brought overcrowding on its trading floor. Comex needs the space that the neighbouring Mercantile Exchange offers on the floor of the Commodity Exchange Centre in New York's World Trade Centre.

The greatest barrier to the merger has been the wide disparity in seat prices between the exchanges. A seat on the 388-member Comex sells for $125,000. The price for a seat on the 375-member Mercantile Exchange is $35,000.

Under the merger plan, Comex members would immediately obtain trading privileges in all contracts on both exchanges. Mercantile Exchange members, however, would be granted limited "associate memberships," and could trade only existing Mercantile Exchange contracts or any new contracts that develop.

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[C]OMMODITIES/Weekly review

Nickel producer raises prices

BY OUR COMMODITIES STAFF

[IN]CO METALS, the world's [bi]ggest supplier of nickel, raised [it]s prices for all grades of the [me]tal by 15 cents a pound [ye]sterday.

A change had been expected [to] follow the 35 cents rise [an]nounced by the French [re]finer, Le Nickel, earlier in the [we]ek. But the Inco increase [wa]s much lower than expected, [an]d as a result prices on the [Lo]ndon Metal Exchange fell [sh]arply.

The three months quotation [wa]s cut by £102.5 and closed [£2]07.5 a tonne lower on the [we]ek at £3,262.5.

Inco plating nickel is now [$2].05 a pound, melting nickel [$2].00 and charge metal $2.91.

Lead prices slipped back [ye]sterday from the new record [h]ighs touched on Thursday, [wi]th the three months quote ending at £635.75 a tonne, down £6.75 on the day but still £51.5 higher than a week ago. Cash lead slipped £11, but at £690 was £53 higher on the week. Prices recovered sharply in late trading on the kerb, however.

Reported buying from the USSR to meet unexpected demand from the motor car battery industry plus speculative interest pushed prices steadily up all week.

Weakness in sterling coupled with expectations of a reduction in LME warehouse stocks gave copper prices a boost yesterday.

The three-months wirebars quotation was lifted £11.5 to £911.5, to show a rise on the week of £33.25. Cash wirebars rose £12.75 to £900.5, up £37 on last Friday's close.

Fresh arrivals of metal from the East plus supplies diverted from the U.S. helped to ease the nearby tightness affecting the tin market. The cash price for standard grade slipped £30 yesterday to close at £7,435 a tonne, £140 down on last week. Three months price was unchanged, closing £12.5 up on the week at £7,175.

Aluminium prices continued their week-long surge upwards in the wake of the force majeure declaration by Alcan in Canada which has shut down three of its Quebec smelters because of strike action.

Three months aluminium was £60.25 higher on the week at £792.75.

Coffee prices climbed to their highest levels for a year on the London futures market this week.

With last week's Brazilian frost outbreak continuing to boost values the September quotation rose to £1,875.5 a tonne at one stage before the inevitable price reaction set in. The price fell back to £1,856.5 before moving ahead again yesterday to end the week at £1,893.5 a tonne, up £145.

The Brazilian Coffee Institute is expected to publish the first official damage report early next week.

Fears of further frost continued for most of the week but Brazilian weather department sources expect little change in temperatures over the next three or four days.

Cocoa prices also rose on the London futures market encouraged by the coup in Ghana. But the rise was fairly muted as *movement of Ghanaian cocoa* seemed little affected.

September cocoa ended £50 up on balance at £1,737.5 a tonne.

Natural rubber prices climbed to record levels with the RSS No. 1 spot price ending the week 4.5p higher at 67.75p a kilo.

Continuing Russian and Chinese demand gave the market a firm background which served as a spring-board for a sharp late rise based on a "bullish" trade report from ContiCommodities.

[W]EEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1979 High	1979 Low
METALS					
Aluminium	£710/50	—	£680	£730	£710
Free Market c.i.f.	$1,650/60	+140.0	$1020/30	$1,640	$1,210
Antimony (99.6%)	£1,925		£1,925	£1,975	£1,925
Free Market 99.6%	$2,250/300	..	$2,375/480	$3,500	$2,712.5
Copper Cash Wire Bars	£900.5	+37.0	£749.75	£1,062.5	£769
3 months Do. Do.	£911.5	+33.25	£770.75	£1,075.75	£783.75
Cash Cathodes	£875.5	+29.5	£743.5	£1,054	£753
3 months Do.	£895.5	+29.5	£764.75	£1,066	£771.25
Gold per oz	$279.625	+9.0	$181.625	$279.625	$216.625
Lead cash	£690	+53.0	£311.5	£701	£456.75
3 months	£635.75	+51.5	£321.75	£643.5	£420.75
Nickel	£3279.04	+182.02	£2,566	£3117.62	2,520.69
Free Market c.i.f. lb.	300/30c	-15.0	190/205c	340c	166c
Platinum per oz	£171		£133	£171.0	£152
Free Market per oz	£207	-8.2	[illegible]	£218.65	£169.3
Quicksilver (76lbs)	$330/50	-15.0	$133.5	$355	$160
Silver per oz	410.7p	-5.6	288.2p	426.3p	269.4p
3 months per oz	421.6p	-5.85	295p	437.9p	303.7p
Tin cash	£7,435	-140.0	£6,715	£7,580	£6,715
3 months	£7,175	+12.5	£6,637.5	£7,317.5	£6,662
Tungsten Ind	$136.8			$145.56	$127.94
Wolfram (22.04 lb)	$144-48	+8.0	$130.55	$145.5	$120.5
Zinc cash	£370.5	+17.0	£317.5	£408.5	£340.5
3 months	£380.75	+16.0	£327.5	$423.5	350.5
Producers	$845	..	$550/600	$845	$730
GRAINS					
Barley					
Home Futures	£90.10	+1.10	£82.8	£96.10	£85.8
Maize					
French No. 3 Yellow (Amer.)	£109.75	-1.25	£106.5	£115	£107.25
WHEAT					
No. 1 Red Spring		—	£96.75	£97.25	£97
No. 2 Hard Winter	‡	—	‡	£91	£83.5
Eng. Milling (new crop)	£107.5	—	£104.5	£107.5	£45.5
SPICES					
Cloves (g)	£3,950	..	£4,500	£3,975	£3,950
Pepper, white	$2,550	..	$3,050	$2,850	$2,600
black	$1,700	..	$1,975	$1,850	$1,660
OILS					
Coconut (Philippines)	$1,085	+45.0	$650	$1,150	$925
Groundnut 5%	‡		£739	‡	‡
Linseed, Crude	£386		£385	£441	£433
Palm Malayan	$654.5	9.5	$595	$720	$610
SEEDS					
Copra (Philippines)	$712.5	+2.5	$440	$745	$620
Soyabeans (U.S.)	$317.5	+8.5	$281.5	$332	$285.35
OTHER COMMODITIES					
Cocoa Shipment	£1,809		£1,736	£2,041	£1,589
Future Sept.	£1,737.5	+50.0	£1,637	£1,990.5	£1,532.5
Coffee Futures Sept.	£1,893.5	+145.0	£1,766.5	£1,893.5	£1,298.5
Cotton Index	76.5c	+0.8	71.45c	78.65c	72.5c
Dessicated Coconut	£740	..	£645	£740	£700
Jute UA BWC grade	‡		$485	$526	$476
Rubber kilo	67.75p	+4.5	58.75p	67.750p	55p
Sago Pearl	£135		£184	£188	£176
Sisal No. 3	$700*		$630/40	$700	$515
Sugar (Raw)	£100	+3.0	£102	£109	£95
Tapioca No. 1	£190		£172	£184	£167
Tea quality kilo	136p		140p	138p	123p
plain kilo	75p		82	82p	75p
Wooltops 64s Warp	279p kilo	-1.0	283p kilo	291p kilo	268p kilo

* Nominal. ‡ Unquoted. (g) Madagascar.

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 10 tonnes bringing the total for the week to 107 tonnes, the smallest business since the opening week of the year, and compared with 648 tonnes in the previous week. Activity remained at a low ebb, and very little interest *was displayed in any particular growths.*

*

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone. Shelf cod £4.20-£4.50, codlings £2.60-£3.60; large haddock £4.80, medium £3.50-£4.50, small £2.30-£3.40; large plaice £5.00, medium £4.00-£5.00, best small £3.60-£4.50; large skinned dogfish £7.00, medium £4.00; large lemon soles £6.70, medium £6.00; *rockfish* £1.60-£2.50; saithe £2.20-£2.70.

MARKET REPORTS

BASE METALS

COPPER—Firmer on the London Metal Exchange. After opening at £907 forward metal moved ahead to the day's high of £917 reflecting forecasts of a further decline in stocks coupled with feelings that the heavy fall in prices had been overdone. In the afternoon the market moved narrowly between £912 and £916 with a lower than expected opening on Comex more than offset by the weakness of sterling against the dollar. The close on the late kerb was £915. Turnover 21,050 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	902.5	-29.2	900-1	-12.7
3 months	914.5	-28.2	911-2	-11.5
Settl'm'nt	905	-29.5	—	...
Cathodes				
Cash	876-7	-28.2	875.4	-15.7
3 months	896-7	-25.7	893.4	[illegible]
Settl'm'nt	877	-26.5	—	...
U.S. Smt.	—	.....	*81.68-9.25	...

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £904, three months £912, 16, 17, 16, 15, 14, 15, 16, 16.5, 17, 16.5, 14, 13, 14, 15, 14.5. Cathodes, three months £896, 97. Kerb: Wirebars, three months £914, 14.5, 14, 15, 14.5, 15. Afternoon: Wirebars, three months £916, 17, 16.5, 17, 14, 13, 12.5, 12, 11. Cathodes, three months £896, 94. Kerb: Wirebars, three months £912, 11.5, 12, 13, 14, 14.5, 15.

TIN—Barely changed although the offer of fresh arrivals of metal from the East and U.S. narrowed the backwardation to £250 at one point. Forward metal moved narrowly between £7,170 and £7,190 before easing in the late kerb at £7,180. Turnover: 885 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7430-60	-20	7420-50	-22
3 months	7190-210	-20	7180-200	..
Settlem't	7460	-10	—	..
Standard				
Cash	7430-60	-20	7420-50	-20
3 months	7180-90	-10	7170-80	....
Settlem't	7460	-10	—	...
Straits. E.	$1980		—	..
New York	—		...	

Standard, three months £7,190, 80, 70. Afternoon: Standard, three months £7,190. Kerb: Standard, three months £7,170.

LEAD—Easier following profit-taking which triggered stop-loss selling. Forward metal opened around £645 and came under selling pressure which depressed the price to a day's low of £634. However, in the afternoon the market steadied in line with copper with forward metal finally £642 on the late kerb. Turnover 2,625 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	688-90	-5	689-91	-11
3 months	635-.5	-.75	635.5-6	-6.75
Sett'ment	690	.....	—	....
U.S. Spot	—	.....	*54.8	.....

Morning: Cash £690, three months £644, 45, 46, 36, 35, 34, 35. Kerb: Cash £685, three months £635, 34, 33, 34. Afternoon: Three months £633, 37, 36, 35, 36. Kerb: Three months £637, 38, 39, 40, 41, 42, 41.

ZINC—Held steady reflecting the performance of copper, coupled with forecasts of a decline in warehouse stocks. Forward metal opened and closed around £380 after a day of fairly routine trading. Turnover 12,000 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	567.5-8.5	....	570-1	-3
3 months	578.5-9.5	.....	580.5-1	-2
S'ment	569.5	-.5	—	
Prim.west	—		*33.5	

Morning: Cash £572, three months £582, 81, 81.5, 81, 79, 79. Afternoon: Cash £569, 70, 71, 70, three months £379, 81, 80. Kerb: Three months £381, 82.

ALUMINIUM—Barely changed on balance. Forward metal started the day at £795 and rose to £805 owing to fresh buying before coming under pressure from speculative and trade selling which pared the price to £791 prior to a close on the late kerb of £795. Turnover, 6,275 tonnes.

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	807-9	-9.5	798-800	-2.5
3 months	802.5-3	-6.75	792.5-3	-.25

Morning: Three months £804, 5, 6, 5, 2. Kerb: Three months £802, 1.5. Afternoon: Three months £801, 800, 799, 97, 96, 95, 93. Kerb: Three months £794, 93, 94, 95, 96.

NICKEL—Lower following disappointment that Inco had not raised its producer prices up to the level of those of Le Nickel. Forward metal opened at £3,290 and fell away to £3,230 before rallying to close the late kerb at £3,270. Turnover: 498 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	—		—	
3 months	3235-40	-147	3260-5	-102

Morning: Three months £3,270, 40, 45, 40, 30, 40, 35, 30, 40. Afternoon: Three months £3,270, 80, 90, 70, 65. Kerb: Three months £3,260.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 2.1p an ounce higher for spot delivery in the London bullion market yesterday at 410.7p. U.S. cent equivalents of the fixing levels were: Spot 849.1c, up 4.5c; three-month 868.0c, up 4.1c; six-month 886.2c, up 5.2c; and 12-month 930.1c, up 4.4c. The metal opened at 406½-407½p (840-842c) and closed at 410½-411½p (847-849c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	410.7p	+2.1	409.9p	+5.6
3 months	421.6p	+1.8	421.05p	+6.4
6 months	431.6p	-2.4	—	.....
12 months	451p	-2.3	—	.....

LME—Turnover 262 (535) lots of 10,000 ozs. Morning: Cash 411. Three months 421.5, 1.2, 1.5, 1.6, 1.5, 1.2, 1.4, 1.5, 1.4, 1.3, 1.5, 1.8, 2.2, 2.2, 2.4. Kerbs: Three months 422, 2.2. Afternoon: Three months 422, 2.3, 22, 21.8, 22.1, 21, 1.2, 1.5, 21, 1.1, 21. Kerbs: Three months 420.8, 21, 20.8, 21, 1.4, 1.5.

COCOA

Cocoa futures remained steady in quiet conditions, making gains of £5-£10 from last night's levels, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1708-1709	-7.5	1721-1708
Sept	1737-1738	-9.0	1746-1732
Dec	1797-1798	-4.0	1805-1794
March	1808-1811	-2.0	1819-1707
May	1819-1824	-2.0	1828
July	1830-1840	-4.5	—
Sept	1848-1852	-8.5	1855

Sales: 2,116 (862) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price June 7 159.54 (159.62); indicator prices for June 8: 15-day average 156.80 (157.12); 22-day average 154.33 (153.85).

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller business, sales). Micron Contract: July 351.5, 392.0, 392.0-392.0, 21; Oct. 394.0, 395.5, 395.5-392.0, 72; Dec. 395.5, 396.5, 396.5-394.0, 56; March 403.0, 403.5, 403.5-400.0, 49; May 406.5, 407.0, 408.0-405.5, 33; July 408.0, 409.0, 409.0-407.0, 12; Oct. 411.0, 414.0, 413.0-412.0, 1; Dec. 413.0, 417.0, nil, nil.

LONDON GREASY—Close (in order buyer, seller). July 220.0, 230.0; Oct. 220.0, 235.0; Dec. 220.0, 240.0; March 220.0, 240.0; May, Oct., Dec. 230.0, 240.0. Sales nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller). July 187.0, 192.0; Oct. 192.0, 202.0; Dec., March, May, July, Oct., Dec. 200.0, 209.0. Sales nil.

COFFEE

Robustas opened slightly higher on a steady tone and the market remained buoyant throughout a rather quiet early session. Good buying from one trade source on the lunchtime call pushed near July some £46 higher on the day, reports Drexel Burnham Lambert. The afternoon began disappointingly but a late flurry which reflected steadiness in the New York C Contract market produced some activity. Dealer buying and profit-taking contributed towards an irregular finish as values settled £11.5 to £60 up from Thursday's closing levels.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1903-05	+60.5	1915-1846
September	1898-95	+37.0	1900-1850
November	1900-04	+29.5	1908-1864
January	1890-94	+19.5	1905-1875
March	1879-83	+18.5	1885-1855
May	1860-75	+11.0	1880-1862
July	1860-75	+23.0	—

Sales: 7,113 (7,148) lots of 5 tonnes.

ICS indicator prices for June 7 (U.S. cents per pound): Other Mild Arabicas 182.17 (183.25); Robustas ICA 1976 175.00 (same); ICA 1968 175.50 (same); Colombian Mild Arabicas 185.50 (186.50). Unwashed Arabicas 181.00 (same). Comp. daily ICA 1968 180.11 (180.46).

GRAINS

HGCA—Location ex-farm spot prices. Feed barley: Norfolk 93.00.

The UK monetary coefficient for the week beginning June 11 will decrease to 1.182.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
Sept.	92.10	-0.1	86.30	+0.65
Nov.	95.25	-0.2	90.10	+0.15
Jan.	99.10	-0.1	93.95	+0.15
Mar.	102.40	-0.2	97.20	+0.1
May	105.75	-0.1	100.45	-0.1

Business done—Wheat: Sept. 92.15-91.95, Nov. 95.25-95.05, Jan. 99.15-99.00, March 102.40-102.20, May 105.80-105.20. Sales 205. Barley: Sept. 86.35-86.10, Nov. 90.10-89.95, Jan. 93.90-93.75, March 97.20-97.05, May 100.40-100.40. Sales 85.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, June 91.50, July 91.00, Aug. 91.50, transhipment East Coast. U.S. Hard Winter, 13½ per cent, unquoted. EEC unquoted. Maize: U.S./French June 109.75, July 110.75, transhipment East Coast. South African White unquoted. South African Yellow June 78.00 nominal. Barley: English feed fob Oct.-Dec. 90.75, East Coast.

RUBBER

STEADIER opening on the London physical market. Good interest throughout the day, closing quiet but steady. Lewis and Peat reported a Malaysian godown price of 328 (321) cents a kilo (nominal buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
July	69.90-69.40	68.00-68.70	—
Aug	69.50-70.80	69.75-69.20	—
Jly-Sept	69.70-70.80	68.95-69.25	70.40-68.90
Oct-Dec	71.70-71.60	71.30-71.35	72.60-70.85
Jan-Mar	73.55-73.60	73.15-73.25	74.60-72.75
Apr-Jne	76.30-75.50	74.85-74.85	76.10-74.60
Jly-Sept	77.50-77.46	76.75-77.00	—
Oct-Dec	79.30-79.45	78.75-78.80	79.60-79.30
Jan-Mar	81.30-81.50	80.78-80.80	81.50-81.00

Sales: 494 (728) at 15 tonnes.

Physical closing prices (buyer) were: Spot 67.75p (67.0); July 72.5p (71.25); Aug. 72.5p (71.25).

SOYABEAN MEAL

The market opened with losses of around £160, reported T. G. Roddick. Profit-taking together with slow cash markets kept nearby prices on the defensive. Forward positions finished firm on speculative support and limited offers.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
June	125.80-26.0	+0.25	—
August	128.00-28.2	-0.75	128.80-127.60
October	129.50-29.6	-0.1	129.50-129.00
December	130.50-30.8	-0.65	130.50-129.50
February	130.50-32.5	-0.45	—
April	131.00-34.8	-1.25	—
June	130.50-35.0	-1.25	—

Sales: 31 (123) lots of 100 tonnes.

AMERICAN MARKETS

NEW YORK, June 8.

Cocoa—July 153.15 (154.40), Sept. 156.45 (157.60), Dec. 158.60, March 160.60, May 161.55, July 162.55, Sept. nil.

Coffee—"C" Contract: July 186.87 (184.49), Sept. 190.32 (184.37), Dec. 187.19, March 184.92, May 185.00, July 183.05, Sept. 186.13.

Copper—June 82.80 (81.80), July 83.10 (82.00), Aug. 83.50, Sept. 83.90, Dec. 84.70, Jan. 84.80, March 85.20, May 85.40, July 85.50, Sept. 85.60, Dec. 85.70, Jan. 85.70, March 85.70.

Cotton—No. 2: July 65.80-65.82 (63.82), Oct. 65.90-66.00 (64.44), Dec. 63.75-63.90, March 64.80-64.85, May 65.90, July 66.75 bid, Oct. 66.00 bid-66.30 asked.

***Gold**—June 280.50 (277.50), July 282.40 (279.40), Aug. 284.60, Oct. 289.30, Dec. 294.00, Feb. 298.60, April 303.20, June 307.80, Aug. 312.40, Oct. 317.00, Dec. 321.70, Feb. 326.40, April 331.10.

Orange Juice—July 97.30 (98.00), Sept. 98.30 (99.00), Nov. 97.45, Jan. 96.60, March 97.50, May 98.25, July 98.95, Sept. 99.85, Nov. 100.10.

***Platinum**—June 428.00 (418.50), July 426.20 (417.60), Aug. nil, Oct. 426.80, Jan. 428.90, April 431.60, July 434.40, Oct. 437.00, Jan. 439.50.

Potatoes (round whites)—Nov. 63.6 (63.7), March 71.6 (72.7), April nil, May 89.9.

§**Silver**—June 856.0 (842.01), July 860.5 (846.5), Aug. 868.0, Sept. 875.4, Dec. 894.8, Jan. 900.5, March 912.2, May 923.9, July 935.7, Sept. 947.5, Dec. 966.0, Jan. 971.9, March 983.7. Handy and Harman spot 846.00 (837.00).

Sugar—No. 11—July 8.39 (8.19), Sept. 8.65 (8.55), Oct. 887, Jan. 930, March 956, May 980, July 1,000, Sept. 10.18, Oct. 10.31.

Tin—695.00-715.00 nom.

CHICAGO, June 8.

Lard—Chicago loose 25.56-25.75. New York steam not available.

Live Cattle—June 71.90 (70.55), Aug. 69.32 (69.32), Oct. 67.40, Dec. 68.37, Jan. 69.20, Feb. 69.37, April 70.10, June 71.35, Aug. 70.25, Oct. 70.00. Sales: 33,796.

Live Hogs—June 41.95-42.05 (41.95), July 41.60-41.52 (41.60), Aug. 38.57-38.15, Oct. 35.92-35.72, Dec. 37.15-37.20, Feb. 37.67-37.97, April 36.72-37.40, June 39.90-39.95, July 40.50-40.50. Sales: 7,885.

‡‡**Maize**—July 274-273½ (269¾), Sept. 280½-281 (275), Dec. 284-285, March 293-293¼, May 299½, July 302 bid.

Plywood—July 192.2-192.4 (191.2), Sept. 184.2 (183.2), Nov. 183.5, Jan. 184.2, March 187.5 nom., May 189.2 bid, July 202.0 bid, Sept. 202.0 bid, Nov. 201.5 bid.

Pork Bellies—July 42.85 (42.42), Aug. 40.85 (40.72), Feb. 47.27, March 47.35, May 48.15, July 48.85, Aug. 47.50. Sales: 6,702.

Shell Eggs—June 55.80 (57.30), July 57.75 (57.75), Aug. 57.00, Sept. 60.30, Oct. 57.75, Nov. 61.10, Dec. 63.50. Sales: 77.

Silver—June 860.0 (845.3), July 866.0 (850.6), Aug. 869.0-871.0, Oct. 884.5-885.0, Dec. 897.0-897.5, Feb. 909.0-910.0, April 920.5, June 932.0, Aug. 944.0, Oct. 956.0, Dec. 968.0, Feb. 980.0, April 992.0, June 1004.5, Aug. 1017.0, Oct. 1029.5, Dec. 1042.0, Feb. 1055.0, April 1068.0.

‡**Soyabeans**—July 758-757 (750), Aug. 762½-762 (755½), Sept. 763½-764, Nov. 761½-759, Jan. 770-771, March 782-781, May 788-785, July 793.

Soyabean Meal—July 203.00-202.70 (201.40), Aug. 205.00-204.50 (203.10), Sept. 207.00-206.50, Oct. 206.50-207.00, Dec. 209.20-209.00, Jan. 210.80-210.30, March 213.00, May 214.50, July 213.00-214.00.

Soyabean Oil—July 26.18-26.23 (25.96), Aug. 26.42-26.37 (26.08), Sept. 26.50-26.55, Oct. 26.60, Dec. 26.30-26.55, Jan. 26.00, March 26.70-26.80, May 26.90-26.80, July 26.78-26.85, Aug. 26.80.

‡**Wheat**—July 403-404½ (484½), Sept. 407-408 (488¾), Dec. 414-415, March 422, May 421, July 410.

WINNIPEG, June 8. §**Rye**—July 118.70 bid (113.70 asked), Oct. 117.40 bid (112.30-112.60), Dec. 115.00 bid, May 115.50.

§**Barley**—July 96.20-96.40 (94.50-94.80), Oct. 94.20 (93.10), Dec. 91.60, March 91.20 bid, May 90.70 bid.

§**Oats**—July 94.60 (94.00 bid), Oct. 92.10-92.20 (90.60 bid), Dec. 90.00 bid, March 88.00 bid, May 88.00 nom.

§**Flaxseed**—July 336.50 asked (326.50 bid), Oct. 327.90 asked (318.50 bid), Nov. 320.00 bid, Dec. 311.20, May 312.50 bid.

§**Wheat**—SCWRS 13.5 per cent protein content cif St. Lawrence 212.90.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. ‡ Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

INDICES

FINANCIAL TIMES

June 8	June 7	M'nth ago	Year ago
296.96	291.96	274.89	246.33

(Base: July 1, 1952=100)

MOODY'S

June 8	June 7	M'nth ago	Year ago
1090.7	1069.5	1065.1	920.8

(December 31, 1931=100)

DOW JONES

Dow Jones	June 8	June 7	Month ago	Year ago
Spot	413.92	410.61	392.12	357.60
F'tur's	418.55	414.85	396.07	350.14

(Average 1924-25-26=100)

REUTERS

June 8	June 7	M'nth ago	Year ago
1616.0	1611.4	1562.7	1523.0

(Base: September 15, 1931=100)

SUGAR

LONDON DAILY PRICE (raw sugar): £100.00 (same) a tonne cif for May-June shipment. White sugar daily price was £106.50 (same).

Prices at the opening were around overnight levels but soon gained ground as buyers pressed in thin conditions. Currency factors stimulated further gains later, with August touching £108.20, but profit taking developed so that final prices were some 50 points below the highs, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	107.75-07.80	108.20-08.25	108.75-06.70
Oct.	111.65-11.60	112.35-12.40	112.75-10.95
Dec.	115.25-15.30	116.05-16.15	166.50-14.50
March	120.15-20.20	120.70-20.75	120.80-19.50
May	121.60-22.75	123.25-23.45	—
Aug.	126.25-26.50	126.75-27.00	—
Oct.	128.00-30.50	128.50-30.50	—

Sales: 1,272 (2,077) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £170.50 (£171.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for June 8: Daily price 7.87 (8.00); 15-day average 7.81 (7.82).

WHITE SUGAR—Close (in order buyer, seller, business, sales): July 106.25, 107.00, 106.50-106.25, 90; Sept. 110.60, 110.90, 112.00-110.00, 34; Nov. 113.50, 113.75, 114.00-113.25, 31; Feb. 120.50, 120.30, 120.95, 1; April 123.25, 123.75, 124.00-123.25, 4; July 127.00, 127.75, nil, nil; Sept. 130.00, 132.00, nil, nil. Sales 210.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on June 8. GB cattle 86.76p per kg. l.w. (+0.58). UK sheep 176.8p per kg. est. d.c.w. (−24.1); GB pigs 58.6p per kg. l.w. (−2.4). England and Wales: Cattle numbers down 7.9 per cent, average price 86.86p (−0.13); Sheep numbers up 1.3 per cent, average price 176.8p (−24.1); Pig numbers down 6.5 per cent, average price 58.6p (−2.4). Scotland: Cattle numbers down 6.2 per cent, average price 86.45p (−2.84). Sheep numbers up 50.0 per cent, average price 171.6p (−12.8).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Israeli: Valencia Lates 4.40-5.50; Cyprus: 5.00-5.80; Brazilian: 4.30-5.00; S. African: Navels 4.20-5.40. Lemons—Italian: 100/120s 4.80-5.00; Spania: Trays 30/40/45 1.80-2.20; S. African: 5.00-6.20. Brazilian: Trays 2.80.

Stock Exchange dealings

Thursday, June 7	16,756
Wednesday, June 6	16,911
Tuesday, June 5	15,864
Monday, June 4	16,077

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List, we show the latest markings recorded during the previous four business days; these are distinguished by the dates shown in parentheses.

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 3.30 pm. No indication is available as to whether a bargain represents a sale or purchase. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. ▲ Bargains done with or between non-members. ⊙ Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (461)

CORPORATIONS (29)

FREE OF STAMP DUTY

PUBLIC BOARDS (12)

FREE OF STAMP DUTY

COMMONWEALTH GOVTS. (1)

BANKS (118)

Alexanders Discount 258 (5/6)
Allied Irish Banks (25p) 188
Arbuthnot Latham Hldgs. 185
Australia New Zealand Banking Gp. ($A1) Gr 301
Bank America Corpn. ($US1.5625) $US20 (5 6)

BREWERIES (124)

COMMERCIAL (2,277)

A—B

Allen (W. G.) (Tipton) (25p) 44 (4 6)
Allied Colloids Gp (10p) 110 11 (6 6)
Allied Insulators (25p) 490 3
Allied Plant Gp. (10p) 360
Allied Suppliers 8pcLn. 66
Alpine Hldgs. (5p) 118 22
Amal Metal 330 8pcPf. 44 (4 6)
Amalg. Power Engineering (25p) 127 (6/6)
Amber Day Hldgs (10p) 54 3 (5 6)
Amber Industrial Holdings (10p) 40
Anderson Strathclyde (25p) 69 0 2
Anglia Television Grp. A (25p) 87 90 86½ (5/6) New NV A (25p) 52 (6/6)
Anglo-American Asphalt (25p) 33
Appleyard Grp. (25p) 92 (4/6)
Aquascutum Assoc. Cos (5p) 45 (6/6). A (5p) 45 (5/6)

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Priest (Benjamin) and Sons (Hldgs.) (25p) 79 (1/6). 6pcDb. 51 (4/6)
Prince of Wales Hotels (25p) 102⊙
Pritchard Services Grp. (5p) 45 4½ (6 6)
Proprietors of Hay's Wharf 167 6
Provincial Laundries (5p) 39⊙ 40⊙ 37½⊙ 1½⊙ 43. New (Fully Pd.) (5p) 43½. New (5p) 13½ pm (1/6)
Pullman (R. and J.) (5p) 113½. New (5p) 119⊙ 18⊙
Pye Hldgs. (25p) 111 (6/6)

Q—R—S

Queens Moat Houses (5p) 41½
Quick (H. and J.) Grp. (10p) 46 5½

RCF Hldgs. (25p) 40 (4/6). 7pcPf. 46½ (4/6)
RFD Grp. (10p) 58 (6/6)
Racal Electronics (25p) 482⊙ 70 4 3 80
Raine Engineering Industries (10p) 12⊙ 10½⊙
Ramar Textiles (5p) 11

T—U—V

Tongaat Corogroup (R0.10) 71
Tootal (25p) 45 (6/6). 5pcPf. 38½ (6/6). 7½pcLn. 67⊙ 8
Towles A Ord. (10p) 82
Toye (25p) 87 (6/5)
Tozer Kemsley Millbourn (Hldgs.) (20p) 55
Trafalgar House (20p) 72⊙ 3 2 1½ 70. 9½pcLn. 75½ (6/6). 10½pcLn. 79 (1/6)
Transparent Paper (25p) 73 (6/6)
Transport Developmt. Gp. (25p) 73. 6pcPf 43 (5/6)
Tranwood Gp. (5p) 6⊙
Trident Television A N-V (10p) 64 (6/6)
Triplex Foundries Gp. (25p) 89⊙
Trust Houses Forte (25p) 168⊙ 6⊙ 4⊙ 70 68 6 6½ 5. Option Warrants 49. 6.25pcDb. 1985-90 66 (1/6). 7.5pcDb. 70½ (5/6). 7.875pcLn. 65
Tube Invest. 400⊙ 6 4 400. 9½pcLn. 93½ (6 6)
Tunnel Hldgs. B Ord. (50p) 308
Turner Newall 145⊙ 7⊙ 8 51 49. 8pcLn. 69 (5/6). 11¼pcLn. 92½
Turner (W. E.) (10p) 44 (1/6)
Turriff Corp. (25p) 107⊙ 6

'Technological success vital for Britain's future'

FINANCIAL TIMES REPORTER

SUCCESS IN the application of technology is crucial to the future of Britain, Sir William Barlow, chairman of the Post Office, said yesterday.

Sir William was speaking at the Cranfield Institute of Technology where he, together with Sir Frederick Page, chairman and chief executive of British Aerospace, aircraft group, were receiving the Institute's honorary degree of doctor of science.

He said that "the only way we can get wealth in this country is by creation, by our hands and brains.

Management skills, he said could be taught. "I believe that in addition to learning management the hard way by hit and miss it is desirable that young managers should also be trained in the advanced techniques of management on to which they can graft their own ability, experience and initiative."

SINGAPORE

June 8	$	June 8	$
Industrials		Straits Trdg	7.20
		Times Pub. Berhad	3.22
Boust'ad Co	3.09	U. Engin'ers	1.56
Boust'ad Bd	3.48	U. Ov's Bk	3.54
Bovis	0.49½	Wearnes	2.62
Dunlop	†4.84	Tractors	5.95
Esso	‡4.60	Chemical	5.50
Fraser Nave	6.05	Wilm. Jacks	†1.54
Haw Par	1.53	**Rubbers**	
Hume Ind	2.10	Btu. Lintang	2.85
Inchcape	1.84	Dunlop Est.	4.14
Malay Brew	†5.75	Kempas	3.60
Malay Cemt	3.44	**Tins**	
Met.BxSing	†3.06	Austral.Am.	†5.30
Ov's Chin Bk	7.20	Berjuntai	†8.25
Pan El'ctric	1.40	Kampar	†3.30
Robins'n Co.	2.40	Kuchai	†1.75
Rothman	4.29	Lower Perak	—
Shell	3.12	Petaling Tin	—
Sime Darby	3.56	Supreme Cp.	†1.66
Cold St'r'ge	2.34	Tongkah Har.	—
Straits Ste'm	2.44		
Straits Tms 1975 Ltd.	6.05		

† Bid. ‡ Seller.

CINEMAS

LEICESTER SQUARE THEATRE. 930 5252. THE MUPPET MOVIE (U) Sep. prog. dly. 1.00 5.15 8.30. Late Night Show Fri. & Sat. 11.45 pm. Special Show Sat. 11.00 am. Seats bkble in advance for 8.30 prg. Mon-Fri & all progs Sat & Sun. No late show or special morning show advance booking.

ODEON MARBLE ARCH W2 723 2011-2. THE SHAPE OF THINGS TO COME (A). Sep. perfs. wks. Doors open 2.00, 4.45, 7.45. Sun doors open 3.00, 7.15. Late Night Show Fri. and Sat. doors open 11.00 pm.

EUROPEAN OPTIONS EXCHANGE

Series			July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
ABN	C	F.344.20	2	8	—	—	—	—	F.347
ABN	C	F.354.20	—	—	2	5.50	—	—	"
ABN	C	F.374.20	—	—	5	0.80	—	—	"
AKZ	C	F.27.50	10	1.70	—	—	—	—	F.28.10
AKZ	C	F.30	15	0.60	24	1.40	24	2	"
AKZ	C	F.35	—	—	2	0.40	—	—	"
AKZ	P	F.30	3	1.70	—	—	—	—	"
ARB	C	F.70	—	—	—	—	3	3.80	F.69.90
EK	C	$60	—	—	—	—	5	3½	$56⅞
HO	C	F.30	—	—	18	3	—	—	F.30.40
HO	C	F.32.50	—	—	11	1.50	—	—	"
IBM	C	$75	—	—	70	6½	—	—	$77⅞
IBM	C	$80	5	1¾	—	—	—	—	"
KLM	C	F.100	5	4	15	6.50	—	—	F.101.50
KLM	C	F.110	27	0.80	29	2.50	2	5.50	"
KLM	C	F.120	20	0.40	45	1.30	—	—	"
KLM	C	F.140	120	0.10	—	—	—	—	"
KLM	P	F.100	45	2.70	30	5.60	—	—	"
KLM	P	F.110	47	8.50	45	12.80	—	—	"
KLM	P	F.120	5	19	—	—	1	21.80	"
PET	C	Fr.4200	—	—	—	—	2	800	Fr.4780
PET	C	Fr.4400	3	460	7	600	—	—	"
PET	C	Fr.4600	7	300	18	420	—	—	"
PET	C	Fr.4800	3	160	4	3.60	3	380	"
PHI	C	F.22.50	—	—	4	2.70	—	—	F.23.90
PHI	C	F.25	—	—	20	1.10	10	1.70	"
PHI	P	F.27.50	—	—	3	3.50	—	—	"
RD	C	F.135	6	8.50	5	9.50	—	—	F.142.70
RD	C	F.140	2	4.20	2	5.60	—	—	"
RD	C	F.145	38	1.20	—	—	—	—	"
RD	P	F.140	80	1.10	—	—	—	—	"
UM	C	Fr.900	—	—	2	20	5	50	F.864
UNI	C	F.120	—	—	20	6.20	—	—	F.122.10
UNI	C	F.125	3	1.40	—	—	—	—	"
UNI	C	F.130	—	—	3	1	—	—	"
			Aug.		Nov.		Feb.		
BA	C	$46⅞	—	—	5	1¾	—	—	$42⅛
BAZ	C	$40	2	3¾	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 886

C=Call P=Put

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ELECTRIC LIGHT (5)

...can Class A £12... Invsts. 230

FINANCIAL TRUSTS (53)

...royd. Smithers (25p) 228 (6/6)
...erican Express US3.33½ (4/6)
...mour Trust (10p) 15

UNIT TRUSTS (11)

M and G Accum. Units 51ф
M and G Commodity Gen. Fd. Accum. Units 111.3 (1/6)
M and G Conversion Tst. Fd. Inc. Units 79.4 (4/6)
M and G Dividend Fd. Inc. Units 134
M and G Extra Yield Fd. Inc. Units 98.7
M and G High Inc. Fd. Inc. Units 117.10 117.40 117.8
M and G Recovery Fd. Inc. Units 119.4 (4/6). Accum Units 123.5 (1/6)

MINES

Australian (3)

Hampton Gold Mining Areas (5p) 171
North Broken Hill Hldgs. ($A0.50) 108
North Kalgurli ($A0.30) 17½ (6/6)
Paringa Mining Expln. (5p) 16½ 17½
Western Mining Con. ($A0.50) 147 9 (5/6)

Miscellaneous (56)

AMAX Inc. ($US1) 30⅞ (5/6)
Ayer Hitam Tin Dredging Malaysia Berhad ($M1) 328 (1/6)
Beralt Tin Wolfram (25p) 57 9 (5/6)
Burma Mines (10p) 10 (6/6)
Charter Consd. (Reg.) (25p) 1590. 5pcLn 73½
Consd. Gold Fields (25p) 261ф 60 2 3 1 58 64. 7½pcLn 63½ (4/6)
El Oro Mining Expln. (10p) 87ф
Geevor Tin (25p) 1460 80
Gopeng Consd. (25p) 353 (4/6)
Malaysia Tin Dredging (M) Berhad ($M1) 442ф
Rio Tinto-Zinc Con. (Reg.) (25p) 315ф 20 19 18 21 16½. Accum.Ord. (25p) 309 (6/6). 3.325pcAPf. 40½ (4/6). 6¼pcLn. 65 (1/6)

SPECIAL LIST

Business done in securities quoted in the Monthly Supplement.

JUNE 7 (2)

Triplex Foundry 5½pcPf. 33ф

JUNE 6 (Nil)

JUNE 5 (Nil)

JUNE 4 (2)

Lyon and Lyon 5½pcPf 36ф

JUNE 1 (2)

Perm (City of) 5pcLn. 1914 £50ф

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

JUNE 7

Amsterdam Rotterdam Bk. £19¼
Batu Kawan 68
Brown Forman Dists. A £16½
Cent. Pac. Mines 740 700
Ciba Geigy 8¼pcCnv. 95 ⅛. Do. 7¼Cnv. 95¼ ⅞
Colonial Sugar 256
Conzinc Rio Tinto (25cts. pd.) 115
Dunlop Aust. 55
Endeavour Oil 13
Gold Mines Kalgoorlie 93ф
Hong Kong and Kowloon Wharf US$ 6.60
Hudson Bay Oil Gas 33
Hutchison Whampoa 52½
Jardine Matheson 137ф US$ 2.26½
Jardine Secs. 67
Kuchai Tin 38
Kulim (Malaya) 97
Leigh Instruments 500ф
Metal Explrn. 62
Moore Cpn. £19 11/16ф
Nylex Cpn. 47ф
Oakbridge Secs. 93ф
Offshore Oil 7
Oil Search 6
Pancontinental £7½
Raytheon $45⅞ф
Rio Algom £15⅞
Swire Pac. 95½
Unilever (Fl.20) £34½ф
Woodside Pets. 53ф 2

JUNE 6

Asscd. Manganese £16
Berjuntai Tin Drdg. 213
Bougainville Copper 125ф
Broken Hill South 90
Cent. Pac. Mines 69ф 60
Ciba Geigy 8pc 1981-91 95
Consumers Gas £11 7/16ф
Conzinc Rio Tinto (New) 122ф
Endeavour Oil 13 12½
Florida Gas £26⅛ 5¼
Hutchison Intnl. 53
Jardine Matheson 136ф
Metals Explrn. 62ф
Norsk Hydro (S. Africa) £48½
Oakbridge Secs. 92ф
Sthrn Pac. Pets. 260ф 70
Whirlpool Cpn. £11⅛

JUNE 5

BP Canada £12⅝ф
Cent. Pac. Mins. 670 80
Ciba Geigy 7¼pcCnv. 1978-91 95¼ф ½ф
Conzinc Rio Tinto (pl. pd.) 120
Dome Mines US$ 118⅛ф
Hooker Cpn. 47ф
Hutchison Whampoa 51ф
Imp. Oil A £35¼ф
Kulim (Malaysia) 54ф 4
Marks Spencer Canada 404
Nicholas Intnl. 60
Pac. Copper 81ф
Rand Leases US$ 0.46ф
Renold Oil 2⅛
Swire Pac. A 95½ф
Tongaat Grp. 72
Total Pets £13⅞ф

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Candecca Resources 69
CCP North Sea Assocs. £16¼
Gas and Oil Acreage 152
Viking Oil New (¼ pd.) 165

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051 548 6555)	11½	½-year	1,000	5-7
Redbridge (01-478 3020)	11	½-year	200	4-5
Redbridge (01-478 3020)	11½	½-year	200	6-7
Wrekin (0952 505051)	12	maturity	1,000	2-3

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares
Abbey National	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Aid to Thrift	8.25	8.75	—	—
Alliance	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Anglia Hastings and Thanet	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Bradford and Bingley	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Bridgwater	7.75	8.00	9.50	9.50 4 yrs., 9.10 2½ yrs., 8.75 2 yrs.
Bristol and West	7.75	8.00	9.25	—
Bristol Economic	7.75	8.00	9.25	8.25 3 months' notice
Britannia	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Burnley	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Cardiff	7.75	8.50	9.50	—
Catholic	7.50	•8.20	9.00	— • 8.40 over £5,000
Chelsea	7.75	8.00	9.25	8.75 6 mths. not. £500 min. 8.50 3 mth.
Cheltenham and Gloucester	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Citizens Regency	7.75	8.30	9.50	9.80 4 yrs., 9.30 3 yrs., 9.05 2 yrs.
City of London	8.00	8.30	9.25	9.35 3 yrs. increment share min. £500
Coventry Economic	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs. min., 8.50 3mths.
Coventry Provident	7.75	8.00	10.00	9.50 4 yrs., 9.25 3 yrs., 8.75 2 yrs.
Derbyshire	7.75	8.00	9.25	8.50 up to 3 months' notice
Ealing and Acton	7.75	8.50	—	9.15 2 yrs., £2,000 minimum sum
Gateway	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Greenwich	6.45	8.10	9.25	9.60 4 yrs., 9.10 3 yrs., 8.25 2 yrs.
Guardian	7.75	8.25	8.50	9.00 3 months' notice £1,000
Halifax	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Heart of England	7.75	8.00	9.25	9.50 4 yrs., 8.50 3 months' notice
Hearts of Oak and Enfield	7.75	8.25	9.75	9.50 4 yrs., 9.00 2 yrs.
Hendon	8.00	8.50	—	9.00 6 months, minimum £2,000
Huddersfield and Bradford	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Lambeth	7.75	8.30	9.75	9.00 3 months' notice, £250-£5,000
Leamington Spa	7.85	8.10	■10.97	8.85 2 years. ■ 3 years
Leeds Permanent	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Leicester	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.25 3 mths.
Liverpool	7.75	8.00	9.45	9.60 4/5 yrs., 8.60 2 yrs., min. £1,000
London Goldhawk	7.75	†8.50	†9.75	†9.25 2 yrs., †9.00 1 yr.
Melton Mowbray	7.85	8.10	9.25	8.85 2 yrs., minimum £2,000
Mornington	8.25	8.75	—	—
National Counties	8.00	8.30	9.30	9.40 6 mths., 8.75 3 mths., min. £1,000
Nationwide	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Newcastle Permanent	7.75	8.00	9.30	9.50 4 yrs., 9.30 3 yrs., 9.00 2 yrs.
New Cross	8.50	8.75	—	—
Northern Rock	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Norwich	7.75	8.00	9.50	9.00 3 yrs., 8.75 2 yrs., min. £500
Paddington	7.40	8.40	10.00	9.00 3 mths., 9.25 6 mths., min. £1,000
Peckham Mutual	8.00	8.50	—	—
Portman	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Principality	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 3 mths.
Progressive	8.00	8.25	9.25	9.50 4 yrs., 9.00 2 yrs., 8.75 3 months
Property Owners	7.75	8.50	9.75	8.00 3 months' notice
Provincial	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Skipton	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Sussex Mutual	7.75	8.35	10.00	9.30 3 yrs., 9.00 2 yrs., 8.75 1 yr.
Town and Country	7.75	8.00	10.00	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Walthamstow	7.75	8.10	9.20	9.60 4 yrs., 8.85 3 mths. not. min. £500
Woolwich	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.

* Rates normally variable in line with changes in ordinary share rates.

† Includes 0.25% Centenary Bonus throughout 1979.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

CURRENCIES, MONEY and GOLD

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

The Treasury bill rate rose by just 0.0140 per cent at yesterday's tender to 11.4349 per cent, and the minimum accepted bid fell to £97.14 against £97.15½ the previous week. Bids at that level were met as to about 87 per cent and above in full. The £300m bills on offer attracted bids of £576.92m and all bills offered were allotted. Next week a further £300m will be on offer, replacing a similar amount of maturities.

Day to day credit was in short supply in the money market and the authorities gave assistance by buying a small amount of Treasury bills and a similar number of corporation bills, all direct from the discount houses. Total assistance was described as small. Discount houses were paying 11-11½ per cent for secured call loans at the start, with closing balances taken anywhere between 10 per cent and 11 per cent. The market was faced with a small net take up of Treasury bills to finance and there was a small rise in the note circulation. This was in addition to a moderate amount in respect of the unwinding of a previous sale and repurchase agreement of eligible bank bills. Also banks brought forward balances a small way below target.

On the other hand, there was a large excess of Government disbursements over revenue transfers to the Exchequer, with rate support grants making up the principal disbursement. In the interbank market, weekend loans opened at 11¼-11½ per cent and touched 11½-11¾ per cent during the afternoon before easing back at the close to around 10 per cent.

Rates in the table below are nominal in some cases.

EXCHANGES AND BULLION

Trading in yesterday's foreign exchange market appeared to carry all the hallmarks of a typically unexciting end to the week, at least during the morning. However rumours originating in the U.S. that Japan would like to see a dollar/yen rate somewhere between Y190 and Y200, tended to depress the U.S. unit, with sterling showing a firmer trend. However the dollar seemed to recover later in the day and finished very little changed from Thursday, while sterling suffered after the trade figures announcement during the afternoon. After opening at $2.0640-2.0650, the pound improved to $2.0690 and touched $2.0760 on dollar weakness. Later in the day news of the trade figures saw the rate fall to $2.0605, although dealers tended to interpret this as a temporary setback, with sterling likely to remain firm. It finished yesterday at $2.0625-2.0635, a fall of 25 points.

On a trade-weighted basis, the pound's index fell to 67.2 from 67.3, having stood at 67.4 at noon and 67.3 in the morning. The dollar was quoted at DM 1.9110 against the D-mark compared with DM 1.9090 and SwFr 1.7300 against SwFr 1.7260 in terms of the Swiss franc. Against the yen, the U.S. unit pulled back its initial losses and finished at Y219¼ from Y219.40 on Thursday. Using Bank of England figures, the dollar's trade-weighted index fell to 86.8 from 87.0.

Gold reached an all-time closing high yesterday at $279½-$280, a rise of $2½ an ounce. The previous record close was on Tuesday while the best level ever was $281½-282½. Yesterday the metal touched $280-280½ at one point, after interest increased with the participation of centres in the U.S. On the week gold has risen $4 an ounce.

OTHER MARKETS

June 8	£	$		£ Note Rates
Argentina Peso	2627-2647	1273-1283	Austria	28.70-29.70
Australia Dollar	1.8625-1.8705	0.9030-0.9065	Belgium	65-66½
Brazil Cruzeiro	52.39-53.39	25.40-25.90	Denmark	11.35-11.45
Finland Markka	8.26-8.27	3.9955-3.9975	France	9.10-9.20
Greek Drachma	75.248-78.103	36.95-37.85	Germany	3.90-3.99
Hong Kong Dollar	10.56-10.59	5.1180-5.1250	Italy	1,740-1,780
Iran Rial	148.84-155.04	72-75	Japan	454-464
Kuwait Dinar (KD)	0.570-0.580	0.2787-0.2788	Netherlands	4.25-4.35
Luxembourg Frc.	65.30-65.40	30.69-30.71	Norway	10.68-10.78
Malaysia Dollar	4.5640-4.5800	2.2200-2.2210	Portugal	100-105
New Zealand Dlr.	1.9735-1.9835	0.9565-0.9615	Spain	135¼-138¼
Saudi Arab. Riyal	6.97-7.07	3.4005-3.4008	Switzerland	3.55-3.65
Singapore Dollar	4.5355-4.5480	2.2052-2.2060	United States	2.065-2.075
Sth. African Rand	1.74-1.75	0.8435-0.8485	Yugoslavia	41-43

Rate given for Argentina is free rate.

THE POUND SPOT AND FORWARD

June 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0605-2.0760	2.0625-2.0635	0.27-0.17c pm	1.28	0.82-0.72 pm	1.49
Canada	2.4215-2.4305	2.4235-2.4245	0.20-0.10c pm	0.74	0.45-0.35 pm	0.74
Nethlnd.	4.31-4.34	4.31½-4.32½	1½-½c pm	1.39	3⅞-2⅞ pm	3.13
Belgium	63.25-63.65	63.30-63.40	20-10c pm	2.84	42-32 pm	2.34
Denmark	11.36-11.42	11.36½-11.37½	1½ore pm-½ dis	−0.63	par-2 dis	−0.35
Ireland	1.0440-1.0610	1.0470-1.0480	15-25p dis	−2.29	60-70 pm	−2.48
W. Ger.	3.93½-3.96½	3.94-3.95	2⅞-1⅞pf pm	5.70	6-5 pm	5.58
Portugal	102.60-103.30	102.70-103.00	50-110c dis	−9.33	145-245 dis	−7.58
Spain	135.20-135.70	135.25-135.35	25c pm-25c dis	par	25 pm-25 dis	par
Italy	1,758-1,766	1,758½-1,759½	par-2 lire dis	−0.68	5-7 dis	−1.36
Norway	10.71-10.75	10.71½-10.72½	2½-½ore pm	1.70	7½-6½ pm	2.43
France	9.12-9.16½	9.12½-9.13½	⅞c pm-⅛c dis	0.49	1¾-¾ pm	0.54
Sweden	9.03-9.07	9.03½-9.04½	2½-½ore pm	1.98	6¼-4¾ pm	2.32
Japan	440-456	452½-453½	2.60-2.30y pm	6.49	7.25-6.85 pm	6.27
Austria	29.00-29.15	29.00-29.05	15-5gro pm	4.13	42-32 pm	5.09
Switz.	3.56½-3.59½	3.56½-3.57½	3¼-2¼c pm	9.24	9½-8½ pm	9.66

Belgium rate is for convertible francs. Financial franc 65.65-65.75. Six-month forward dollar 1.72-1.62c pm; 12-month 3.05-2.90c pm.

LONDON MONEY RATES

June 8 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	10-11¼	—	—	—	11⅛	10-11⅛	—	—	—
2 days notice	—	—	11-11⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11¼-11⅜	11½-11½	—	11¾	11⅛	11	—	—	—
One month	11⅞-11⅝	11⅝-11⅞	11⅝	12⅜-12	12	12	11⅛	11⅞-11¾	11¾	12¼
Two months	11⅞-11⅝	11⅞-11⅞	—	12⅛-11¾	12	—	11¾	11⅞-11⅛	11¾	12⅛
Three months	11⅞-11¾	11¾-11⅞	11⅝-11¾	12-11¾	12	12¼	11¾	11⅛-11⅞	11¾	12
Six months	11⅞-11⅞	11¾-11⅞	11½-11¾	11⅝-11¾	12	—	—	—	11⅞-11⅛	11⅞
Nine months	12⅛-11⅝	11⅞-11⅞	—	11⅞-11⅝	11⅞	—	—	—	—	—
One year	11¾-11⅝	11⅝-11¾	11⅝-11½	11⅞-11⅝	11¾	—	—	—	—	—
Two years	—	—	11¾-12	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 12-12⅛ per cent; four years 12⅛-12¼ per cent; five years 12¼-12½ per cent. ФBank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⅝-11⅝ per cent; four-month trade bills 11⅞ per cent.

Approximate selling rate for one-month Treasury bills 11 7/32-11¼ per cent; two-month 11 21/32-11⅝ per cent; three-month 11⅝ per cent. Approximate selling rate for one-month bank bills 11⅝ per cent; two-month 11⅝ per cent; and three-month 11⅝ per cent; one-month trade bills 12⅛ per cent; two-month 12 per cent; and three-month 11⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from June 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.4349 per cent.

GOLD

	June 8	June 7
Gold Bullion (fine ounce)		
Close	$279½-280 (£135.4-135.2)	$276½-277½ (£134.0-134.4)
Opening	$276½-277¼ (£135.8-134.2)	$279½-280½ (£135.1-135.5)
Morning fixing	$277.40 (£134.146)	$279.30 (£134.941)
Afternoon fixing	$280.00 (£135.135)	$276.05 (£133.644)
Gold Coins, domestically		
Krugerrand	$294½-296½ (£142½-143½)	$292½-294½ (£141½-142½)
New Sovereigns	$75½-77½ (£36½-37½)	$74½-76½ (£36¼-37¼)
Old Sovereigns	$86½-88½ (£42-43)	$86½-88½ (£42-43)
Gold Coins, internationally		
Krugerrand	$288-290 (£139½-140½)	$284½-286½ (£137½-138½)
New Sovereigns	$71½-73½ (£34½-35½)	$71½-73½ (£34½-36½)
Old Sovereigns	$91½-93½ (£44½-45½)	$91-93 (£44-45)
$20 Eagles	$419-424	$416-424
$10 Eagles	$209-214	$206-212
$5 Eagles	$157-165	$136-142

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 10.25-10.35 per cent; six months 10.25-10.35 per cent; one year 9.95-10.05 per cent.

June 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	11¾-12	10⅛-10⅜	9½-10½	7⅛-7⅜	1-1⅛	5⅛-5⅜	9-9½	9-10	—	½-5⅛
7 days' notice	11⅞-12⅛	10¼-10½	9½-10½	7⅛-7⅜	1⅛-1¼	5⅛-5⅜	9½-10	10-11	10¼-10⅜	5⅛-5¼
Month	11⅝-12	10⅛-10⅜	10⅛-11⅛	8⅛-8⅜	1¾-1⅞	5¾-5⅞	11-11¼	12-13	10¼-10⅜	4½-5⅛
Three months	11⅞-12⅛	10⅛-10⅜	10⅞-11⅛	8⅛-8⅜	1⅞-2⅛	6⅛-6⅜	11½-11½	12½-13½	10⅜-10⅜	5⅛-5⅜
Six months	12⅛-12⅜	10⅛-10⅜	10⅞-11⅛	9⅛-9⅜	2⅛-2⅜	6⅝-6⅞	11⅜-11⅝	13-14	10⅛-10⅜	5⅛-6⅛
One year	11⅞-12⅛	10⅛-10⅜	10½-10⅞	9⅛-9⅜	2⅞-3	7⅛-7⅜	11⅝-11⅞	13¼-14¼	10⅛-10⅜	6⅛-6⅜

Long-term Eurodollar deposits: two years 10-10⅛ per cent; three years 9 15/16-10 1/16 per cent; four years 9⅞-10 per cent; five years 9 13/16-9 15/16 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

U.K. CONVERTIBLE STOCKS 8/6/79

Statistics provided by data STREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.◇	Cheap(+) Dear(−)◊ Current
Associated Paper 9½pc Cv. 85-90	0.23	110.00	200.0	76-80	8.9	8.2	5.8	−10 to 6	6.2	9.1	2.8	− 3.0
Bank of Ireland 10pc Cv. 91-96	1.20	168.00	47.6	77-80	6.0	3.2	− 7.2	−10 to 3	0.0	8.4	5.3	+12.3
British Land 12pc Cv. 2002	7.71	250.00	333.3	80-97	4.8	3.1	− 0.7	−10 to 10	0.0	90.6	36.0	−36.7
English Property 6½pc Cv. 98-03	3.23	140.00	234.0	76-80	4.7	3.6	0.6	− 4 to 1	8.1	3.1	− 3.6	− 4.2
English Property 12pc Cv. 00-05	15.31	91.50	150.0	76-84	13.3	13.3	2.5	2 to 17	25.2	41.6	18.4	+15.9
Hanson Trust 6½pc Cv. 88-93	3.33	96.00	57.1	76-80	6.9	7.1	− 5.1	−10 to −0	6.3	3.1	− 3.1	+ 2.0
Slough Estates 10pc Cv. 87-90	5.50	217.00	187.5	78-85	4.6		0.6	− 0 to 10	35.5	39.5	1.8	+ 1.2
Thorn Electric 5pc Cv. 90-94	4.19	130.00	29.1	75-80	3.9	2.1	− 1.1	− 7 to 2	9.1	7.0	− 1.6	− 0.5
Tozer, Kemsley 8pc Cv. 1981	0.78	90.00	153.9	74-79	9.0	13.4	4.5	− 1 to 21	0.0	0.0	0.0	− 4.5
Ultramar 7pc Net R.Cv.Pfd.	14.97	1.49	0.5	76-82	7.2	4.4	− 6.9	− 7 to 7	22.8	26.9	2.6	+ 9.4
Wilkinson Match 10pc Cv. 83-98	11.10	87.00	40.0	76-83	12.1	12.4	24.3	21 to 30	27.1	35.0	12.7	−11.6

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ◇ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

LONDON STOCK EXCHANGE

Trade deficit shocks markets and equity index loses 10.8 to 503.2 while short-dated Gilts fall a point

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
May 21	May 31	June 1	June 12
June 4	June 14	June 15	June 26
June 18	June 28	June 29	July 10

* "New time" dealings may take place from 9.30 am two business days earlier.

A sharp reaction in Government stocks and a simultaneous decline in leading equities minutes after the official close yesterday marked disappointment with the bigger-than-expected current account deficit in the delayed UK trade returns for the February/April period. Long-dated Gilt-edged were immediately lowered a point, losses in the shorts were extended by ½ and leading equities fell by several pence.

Earlier in the afternoon, the funds were already looking vulnerable by losing early gains to ½, which had reflected revived budget optimism, while marginal improvements at the shorter end of the market were replaced by falls ranging to ¾ as last-minute nervousness set in ahead of the trade figures.

After-hours fears were being voiced of a possible rise in Minimum Lending Rate, currently 12 per cent, unless the budget proposals on Tuesday are deflationary and although the longs tended to regain part of their losses, the shorts closed near the day's lowest with falls to a full point and both sectors were moving easier again late in the evening.

The industrial sections were dull throughout. A certain amount of nervous selling was reflected in a fall of 5.4 in the FT 30-share index at 11 am, but the tone then held until the 3.30 pm official close. During the after-hours' business, however, the market weakened markedly to leave the index 10.8 down at 503.2 for a net fall on the week of 10.3.

A reactionary trend in the investment currency premium was arrested by the easiness in sterling after the trade figures and the rate was finally only ½ down on balance at 55½ per cent, after 53¾ per cent. Yesterday's SE conversion factor was 0.8164 (0.8065).

Yesterday's total of 713 contracts in the Traded Option market brought the week's daily average to 566, thus making the week the quietest since the third week in January (541). **BP** were fairly active again on further consideration of the first-quarter figures and by the close 173 deals had been done.

Hambros below best

Still reflecting disappointing first-half figures from the subsidiary Barclays International, **Barclays Bank** fell 8 more to 455p. **Lloyds** gave up 5 to 325p as did **Natwest**, to 350p, while **Midland** ended a couple of pence off at 410p. Elsewhere, buyers continued to show interest in **Hambros** ahead of the annual results due later this month and the close was 8 higher at 308p, after 312p. **Provident Financial** came on offer at 99p, down 5, in Hire Purchases.

Insurances drifted lower on sporadic offerings and lack of support. **Sun Alliance** fell 16 to 564p, **Royals** 8 to 375p and **GRE**, on further consideration of the chairman's cheerless statement, gave up 4 for a two-day fall of 10 to 244p.

Occasional selling left its mark on the Brewery leaders, **Allied** easing 2½ to 93p and **Bass** 4 to 216p. **Scottish and Newcastle**, a firm market of late, closed 2 cheaper at 72p, after 71p. Elsewhere, **Distillers** gave up 4 to 216p.

In Building descriptions, **Blue Circle** finished 4 cheaper at 320p and **BPB** shed 8 to 318p, while **Tunnel B** relinquished 10 to 296p. Recently firm **Brown and Jackson** met further profit-taking and fell 20 for a two-day loss of 38 to 230p, but still held a gain on the week of 44. **Redland** cheapened 4 to 204p and **Taylor Woodrow** declined 8 to 405p, but **Norwest Holst** attracted attention and firmed 8 to 117p and **SGB** improved 5 to 272p; the last-named announced annual results on June 27 last year.

A mark-down in **ICI** gathered momentum in late dealings and the price closed 8 down at 372p. **Fisons** lost 10 at 265p.

Gussies lower

Already quietly dull on the prospect of an increase in VAT in next Tuesday's budget, leading Stores eased further after-hours to close around the day's lowest. **Gussies A** stood out with a reaction of 8 to 398p, while **Mothercare** fell 4 to 178p and **House of Fraser** 3 to 183p. **Marks and Spencer**, 115p, and **UDS**, 101p, lost 2 apiece. Elsewhere, speculative support was again forthcoming for **Lee Cooper** which rose 5 more making a gain on the week of 37 a 305p, while **Church** revived with a rise of 6 to 204p. Jewellery concerns, on the other hand, continued firmly ahead of the budget and **H. Samuel A** closed 3 dearer at 253p, after 255p.

Electrical leaders followed the general trend, with prices easing further in the late trading. **GEC** encountered selling and closed at the day's lowest of 379p, down 14. **Plessey**, a firm market of late on bid talk, eased 3 to 112p, while **Thorn** closed 6 down at 446p. Secondary issues, however, held up reasonably well. Assisted by the chairman's encouraging statement at the annual meeting, **United Scientific** firmed 8 to 308p.

Already easier by a few pence or so, the Engineering leaders were marked down further in the late dealings, **John Brown** ending 10 lower at 523p and **Tubes** 8 off at 394p. Elsewhere, **A. Cohen** gave up 10 to 285p despite the recovery in second-half profits, while **Mining Supplies** reacted 5 to 106p awaiting news of the bid discussions with Dobson Park. By way of contrast, **Vosper** met further demand and put on 5 more to 247p and occasional support lifted **M. Mole** 2 to 30p. Dealings were temporarily suspended in **General Engineering (Radcliffe)** at 7½p pending an announcement.

Falls among leading Foods were usually confined to a penny or so, but **Northern** remained on offer and shed 5 to 112p for a fall of 14 since last Tuesday's interim results. Up 45 on Thursday in response to the better-than-expected profits, **Bishop's Stores** encountered profit-taking and reacted 20 to 190p; the A eased 2 to 134p. **Bernard Matthews** cheapened 9 to 274p, but still held a gain on the week of 44. Support was forthcoming for **Amos Hinton** which put on 7 to 104p while interest was shown in **Hillards** which added 13 to 330p in a thin market and **Louis C. Edwards** which gained 6 to 51p.

A depressed market since last Tuesday's £80½m rights issue announcement, **Grand Metropolitan** eased 5 to 139p for a fall on the week of 16. Despite the improved annual profits, **Rowton Hotels** slipped 3 to 190p.

Triefus pleases

Earlier small falls sustained by the miscellaneous Industrial leaders were later extended after the poor trade figures. Closing falls ranged to 10 as in **Glaxo** at 470p. Falls of 7 were seen in **Beecham**, 563p, and **Pilkington**, 343p, while **Metal Box**, preliminary results due on Monday, lost 6 to 328p and **Turner and Newall** declined 5 to 145p. Elsewhere, **Triefus** stood out with a rise of 14 to 151p, after 155p, on the more-than-doubled annual profits and proposed 3-for-2 scrip-issue. Still responding to the bid approach from BTR, **Bestobell** added 7 for a two-day jump of 45 to 215p; **BTR** cheapened 5 to 333p. **Thomas French** hardened 3 to 101p on the interim results and **Highgate and Job** gained 10 to 72p on buying ahead of the preliminary results, due soon. **Centreway** rose 8 to 373p and **Lawtex** put on 4 to 73p, while **First Castle Securities** gained 4 to 68p in response to the proposed 100 per cent scrip issue which accompanied the results. By way of contrast, **National Carbonising**, at 56p, lost 4 of the recent good rise which followed news of the company's intention to close two loss-making metal fabricating plants and profit-taking also prompted a fall of 11 to 487p in **ICL**. Further consideration of the static interim performance left **Elson and Robbins** 4 down at 95p.

News of a strike threat left **Lucas** 11 cheaper at 287p. A good market of late on American contract news, **Dowty** encountered profit-taking and shed 13 to 343p. Elsewhere in Motors, **ERF** came on offer and declined 3 to 117p and **York Trailer** eased 2 to 50p. In Garages, **Lex** gave up 5½ to 93½p on lack of support and small selling.

Leading Newspapers gave ground in the late dealings, **Associated** easing 5 to 228p and **News International** shedding 7 to 338p. Advertising agents **Saatchi and Saatchi** found support and added 3 to 215p, after 216p.

Apart from speculative counters **Bernard Sunley**, which put on 15 to 395p, after 400p, and **Imry**, which gained 10 to 720p, Properties displayed scattered losses on lack of support and occasional offerings. **Greencoat**, 12½p, were unmoved by the interim results.

Oils sold

Oils took a distinct turn for the worse, mainly as a result of nervous selling ahead of next Tuesday's budget. After Thursday's rise of 16p, **British Petroleum** failed to benefit further from the good first-quarter figures, reacting to 1218p before settling at 1226p for a loss of 14. Revived U.S. selling left **Shell** a similar amount lower at 376p. Among North Sea issues, **Lasmo** reacted 8 to 230p and the **OPs** 20 to 790p, while **Siebens (UK)** fell 14 to 222p. **Oil Exploration**, however, moved against the trend and closed 4 dearer at 274p.

Reflecting its commodity interests, **Inchcape** were supported and closed 10 to the good at 300p after 307p.

Among Financial Trusts, **Fashion and General**, up 7 at 168p, reflected the recent rise in Furness Withy. **Robert Kitchen Taylor** rallied 10 to 200p, while **Yule Catto**, up 11 at 102p, were firm on the company's commodity interests.

Shippings encountered profit-taking after the recent useful improvement. A good market of late on the KCA/Eurocanadian moves to oust the Board, **Furness Withy** reacted 7 to 298p. **British and Commonwealth** lost 8 to 370p and **P and O deferred** 4 to 98p. **Common Bros.**, however, moved against the trend and closed 7 to the good at 215p.

Textiles were featured by a rise of 11 to 163p in **David Dixon** on the announcement that Midland Counties Trust had increasd its holding in the company to just over 29 per cent which gave rise to hopes of an outright bid. Elsewhere, speculative support left **Sirdar** 7 to the good at 122p, while **Youghal Carpets** hardened 1½ to 31½p in response to the recovery in annual profits.

Rubbers again displayed a lengthy list of good gains as buyers took further notice of a London trade house's prediction that the commodity price may rise by up to 50 per cent in the second half of the year. Further consideration of the satisfactory results prompted an improvement of 5 to 620p in **Guthrie**, while rises of between 10 and 20 were recorded in **HME**, 164p, **Kinta Kellas**, 177p, and **Kuala Selangor**, 250p. Still reflecting the favourable results, **Doranakande** put on 10 more to 140p. **Chersonese** advanced 6 to 64p and **London Sumatra** 8 to 320p. In Teas, demand in a thin market brought about a jump of 17 to 315p in **Lunuva**.

Late rally in Golds

A feature of the gold share market was the late burst of strength in **Grootvlei** and **Marievale** in front of their much higher than expected dividend declarations. Grootvlei rallied from 167p in the early afternoon to close 10 better on balance at a 1979 high of 192p while Marievale ended unchanged at 141p, after 130p.

Otherwise, trading in Golds was much quieter than of late. Initially prices gave ground in line with the bullion price. However, as the latter improved in the afternoon share prices moved ahead accordingly, although the majority were still showing overall losses at the close.

The Gold Mines index gave up 3.7 at 201.8, reducing the gain on the week to 6.5, while the ex-premium index lost 1.0 to 164.7. The bullion price rose $2.50 to a record $279.625—up $4 over the week.

The late rally in Golds helped to take South African Financials away from the day's lowest. Also aided by the higher profits, **Anglo American Corporation** ended unaltered on balance at 447p, after 440p, while **De Beers** closed 4 off at 450p, after 444p, **Union Corporation** 2 down at 458p, after 456p, and **UC Investments** 4 easier at 354p, after 350p.

The failure of the U.S. to lift economic sanctions against Rhodesia resulted in small selling of Rhodesians. **Falcon Mines** gave up 10 at 310p, **Wankie Colliery** lost 4 at 57p and **Mangula** 2 at 85p.

In Tins, **Ayer Hitam** advanced 10 to 335p following the almost doubled tin output in May. Other good performances in Tins showed **Berjuntai**, 225p, and **Southern Kinta**, 220p, up 5 apiece.

FINANCIAL TIMES STOCK INDICES

—	June 8	June 7	June 6	June 5	June 4	June 1	A year ago
Government Secs.	72.60	73.16	72.91	72.60	72.93	72.91	70.[illegible]
Fixed Interest	75.00	75.13	75.07	75.01	75.80	75.80	71.70
Industrial	503.2	514.0	516.9	509.3	510.9	513.5	466.9
Gold Mines	201.8	205.5	208.4	203.2	194.3	195.3	157.9
Gold Mines Ex-$ pm.	164.7	165.7	169.5	167.4	160.5	161.4	105.9
Ord. Div. Yield	5.84	5.73	5.71	5.77	5.78	5.78	5.86
Earnings, Yld. % (full)	15.39	15.08	15.04	15.24	15.26	15.27	16.51
P/E Ratio (net) (*)	8.32	8.48	8.51	8.40	8.39	8.39	8.10
Total bargains	16,883	16,756	16,911	15,884	16,077	—	—
Equity turnover £m.	—	90.97	80.67	71.62	88.38†	91.20	89.[illegible]
Equity bargains total	—	14,231	13,421	11,708	18,258†	14,398	19,[illegible]

10 am 510.9. 11 am 508.6. Noon 508.6. 1 pm 508.6.
2 pm 508.6. 3 pm 508.7.
Latest Index 01-246 8026.
*Nil=8.01.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76	66.03	150.4	50.53
Ind. Ord.	558.6	446.1	558.6	49.4
Gold Mines	208.4	139.9	442.3	43.5
Gold Mines (Ex-$ pm)	169.5	95.2	337.1	54.3

S.E. ACTIVITY

	June 6	June 7
—Daily		
Gilt Edged	115.9	99.3
Industrials	128.9	147.0
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-d'y Av'r'ge		
Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1979

[illegible]

... Highgate and Job, Triefus, Jacksons Bourne End; MOTORS (1): Lyon and Lyon; PROPERTY (1): Sunley (B.) Inv.; SHOES (1): K. Shoes; SOUTH AFRICANS (1): Hulett's; TEXTILES (2): Levex, Mackay (Hugh); TRUSTS (4): Hambro Trust, Scot. and Merc. A, Mooloya, Yule Catto; ... LEISURE (1): Saga Holidays; MOTORS (2): Rolls-Royce, Volvo; TEXTILES (2): Beales (J.), Courtaulds; TRUSTS (3): Crescent Japan, Tribune Invest., Jardine Japan; OVERSEAS TRADERS (1): Great Northern; MINES (3): West Drie., Consinc Riotinto, Anglo-American Coal

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
[illegible]								

Option	Ex'rc'se price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
BOC Intl.	80	5	2	7½	—	9½	—	78p
EMI	100	17	—	21	2	30	—	106p
EMI	110	11	—	16	1	25	1	"
EMI	120	6½	5	12	—	19	5	"
Imperial Gp	100	3½	52	6	—	8½	—	92p
RTZ	360	10	5	21	—	—	—	316p
Totals			62		3		6	

ACTIVE STOCKS

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1979 high	1979 low
BP	£1	76	1226	+82	1248	882
GEC	25p	55	379	−27	456	311
Shell Transport	25p	51	376	− 5	402	278
ICI	£1	49	372	− 1	415	346
Beecham	25p	43	563	− 7	755	558½
Barclays Bank	£1	42	455	−10	514	360
Con. Gold Fields	25p	42	263	+ 2	268	178
Burmah Oil	£1	41	128	+12	134	82
P. & O. Defd.	£1	37	98	− 1	104	71
BATs Defd.	25p	34	280	−16	337	250
Grand Met.	50p	34	139	−16	180	112
Lasmo	25p	32	230	+ 4	246	124
NatWest Bank	£1	32	350	+ 8	406	278
Ultramar	25p	32	296	+10	318	210
Tilling (Thos.) 'New'	Nil/pd.	31	2½pm	− 2½	7pm	2½pm

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	18	1226	−14	1246	882
GEC	25p	11	379	−14	456	311
Shell Transport	25p	9	376	−14	402	278
ICI	£1	8	372	− 8	415	346
P. & O. Defd	£1	8	98	− 4	104	71
Beecham	25p	7	563	− 7	755	558½
Commercial Un.	25p	6	149	− 1	185	140
Con. Gold Fields	25p	6	263	+ 2	268	178
ICL	£1	6	487	−11	545	420
Bestobell	25p	5	215	+ 7	215	125
Bowater	£1	5	179	− 2	209	171
Cadbury/Schweppes	25p	5	64	− 1	69	51
Courtaulds	25p	5	99	− 3	122	99
Plessey	50p	5	112	− 3	117	103
Racal Electronics	25p	5	477	—	495	337

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced today in Stock Exchange dealings.

BASE LENDING RATES

A.B.N. Bank 12 %	■ Hambros Bank 12 %
Allied Irish Banks Ltd. 12 %	■ Hill Samuel §12 %
Amro Bank 12 %	C. Hoare & Co. †12 %
American Express Bk. 12 %	Julian S. Hodge 13 %
A P Bank Ltd. 12 %	Hongkong & Shanghai 12 %
Henry Ansbacher 12 %	Industrial Bk. of Scot. 12 %
Associates Cap. Corp. 13 %	Keyser Ullmann 12 %
Banco de Bilbao 12 %	Knowsley & Co. Ltd. 13½ %
Bank of Credit & Cmce. 12 %	Lloyds Bank 12 %
Bank of Cyprus 12 %	London Mercantile 12 %
Bank of N.S.W. 12 %	Edward Manson & Co. 13 %
Banque Belge Ltd. 12 %	Midland Bank 12 %
Banque du Rhone et de la Tamise S.A. 12½ %	■ Samuel Montagu 12 %
Barclays Bank 12 %	■ Morgan Grenfell 12 %
Bremar Holdings Ltd. 13 %	National Westminster 12 %
Brit. Bank of Mid. East 12 %	Norwich General Trust 12 %
■ Brown Shipley 12 %	P. S. Refson & Co. 12 %
Canada Perm't Trust 12 %	Rossminster 12 %
Cayzer Ltd. 12 %	Ryl. Bk. Canada (Ldn.) 12 %
Cedar Holdings 12 %	Schlesinger Limited 12 %
■ Charterhouse Japhet 12 %	E. S. Schwab 13 %
Choulartons 12 %	Security Trust Co. Ltd. 13 %
C. E. Coates 12 %	Shenley Trust 14 %
Consolidated Credits 12 %	Standard Chartered 12 %
Co-operative Bank *12 %	Trade Dev. Bank 12 %
Corinthian Secs. 12 %	Trustee Savings Bank 12 %
Credit Lyonnais 12 %	Twentieth Century Bk. 13 %
The Cyprus Popular Bk. 12 %	United Bank of Kuwait 12 %
Duncan Lawrie 12 %	Whiteaway Laidlaw 12½ %
Eagil Trust 12 %	Williams & Glyn's 12 %
English Transcont. 12 %	Yorkshire Bank 12 %
First Nat. Fin. Corp. 14 %	
First Nat. Secs. Ltd. 14 %	
■ Antony Gibbs 12 %	
Greyhound Guaranty 12 %	
Grindlays Bank ‡12 %	
■ Guinness Mahon 12 %	

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%. 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10%, and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

OPTIONS

Money was given for the call of Lofs, Barker and Dobson, Reardon Smith "A", W. E. Norton, Brent Walker, Hawtin, Youghal Carpets, Provincial Laundries, Cowan de Groot, Glass Glover, MFI Furniture, Burton "A", Lonrho, Peak Investments, Consolidated Gold Fields, Charterhall and Alexander Howden. Ladbroke and Alexander Howden Warrants were dealt in for the put, while double options were arranged in Burmah Oil, Lofs, Richardsons Westgarth, Sears, Western Areas, MFI Furniture, Glass Glover, Spillers and LRC International.

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
May 30	Jun. 11	Aug. 23	Sep. 4
Jun. 12	Jun. 25	Sep. 6	Sep. 18
Jun. 26	July 9	Sep. 20	Oct. 2

For rate indications see end of Share Information Service

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	3	82	—	150	167	108
Corpns. Dom. and Foreign Bonds	9	4	51	[illegible]	32	259
Industrials	187	341	887	1,421	1,185	4,469
Financial and Prop.	60	133	307	546	475	1,507
Oils	4	19	15	77	33	80
Plantations	18	2	12	59	16	85
Mines	21	70	61	236	208	256
Others	25	75	37	289	191	203
Totals	327	731	1,360	2,807	2,307	6,977

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Fri., June 8, 1979 — Thurs., June 7 — Wed., June 6 — Tues., June 5 — Mon., June 4 — Year ago (approx.) — Highs and Lows Index

[illegible]

FIXED INTEREST PRICE INDICES

[illegible]

FIXED INTEREST YIELDS

[illegible]

AUTHORISED UNIT TRUSTS

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648
L.J. Sterling Fund ... £10.05 10.06 ... —

Wren Commodity Trust
10 St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. ... 38.0 38.4 ... —

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

High	Low	Stock	Price	+ or -	Int.	Red. Yield
66	56	Agric. Mt. 5pc '59-89	63xd	......	7.89	11.13
92	75	Alcan 10½pc '89-94	85xd	+½	12.35	12.80
30½	24½	Met. Wtr. 3pc 'B'	28¼	......	10.73	12.59
129	117	U.S M.C. 9pc 1982	120xd	-2	7.50	—
95	87	Do. without Warrants	89½xd	......	10.95	13.40

Financial

High	Low	Stock	Price	+ or -	Int.	Red. Yield
103¼	98¼	FFI 13pc 1981	102	+¼	12.74	11.59
107	100	Do. 14pc '79	100½	......	14.19	—
108¼	98¼	Do. 14pc '83	105¾	......	13.24	12.30
86½	77½	ICFC 5½pc Deb '80-82	85½	+½	6.54	11.20
85	71½	Do. 6¼pcDb. '81-84	79xd	+½	7.91	11.60
99	84½	Do. 10¼pc Uns.Ln. '86	92xd	-½	11.41	12.30
99	84½	Do. 11pc Uns.Ln. '88	92xd	-1	11.95	12.40
101½	84	Do. 11¾pc Uns.Ln. '90	95½xd	......	12.30	12.60
72½	57	Do. 7¼pcADeb. '89-92	66½xd	......	10.90	12.40
69	53½	Do 7½pcA Db. '91-94	65½	-½	11.38	12.70
81½	64½	Do. 9pc 'A' '91-94	78½	......	11.79	12.50
78½	62½	Do 8¾pcLn. '92-97	76	......	12.19	12.60

FOREIGN BONDS & RAILS

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CANADIANS

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O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

TINS

COPPER

111	56	Messina R0.50	92	......	—	—	—

MISCELLANEOUS

81	54	Barymin	77	+1	—	—	—
13½	10	Burma Mines 17½p	11	......	—	—	—
345	170	Cons. Murch. 10c.	300	......	Z030c	—	6.2
410	330	Northgate C$1	350	......	—	—	—
362	226	R.T.Z.	315	−1	11.5	2.7	5.4
31	18	Robert Mines	26	+2	—	—	—
65	40	Sabina Inds. C$1	40	......	—	—	—
880	662	Tara Exptn. $1	675	......	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$17½	$10½	Buffels R1	$16⅞	−⅛	Q200c	ϕ	12.0
$15½	890c	East Drie R1	$14⅜	−½	Q115c	1.6	9.2
900c	350c	East Rand Prp. R1	820c	−55	Q10c	—	1.4
$27	$18¼	F.S. Geduld 50c	$25¼	−⅜	†Q315c	2.4	14.4
$18	$11⅛	Pres. Brand 50c	$17⅛	−⅛	†Q150c	3.2	10.0
$17¼	$10¼	St. Helena R1	$16⅜	−⅜	Q190c	1.4	13.3
760c	407c	Stilfontein 50c	710c	−5	†Q66c	ϕ	11.3
$32¼	$18¼	Vaal Reefs 50c	$31	−¾	Q280c	2.7	10.4
$50¼	$28¾	West Drie R1	$46¾	−1¼	†Q385c	1.7	9.6
$34½	$22¼	West Hldgs. 50c	$33	−1	†Q415c	1.4	14.5
$16¼	$10⅝	Western Deep R2	$16	......	Q147½c	2.1	10.6

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ? Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ? Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	28	......	Sheff. Refrshmt	87	......
Ash Spinning	105	......	Sindall (Wm.)	140	......
Bertam	25	......	**IRISH**		
Bdg'wtr. Est. 50p	415	......	Conv. 9% '80/82	£91	......
Clover Croft	28	......	Alliance Gas	80	......
Craig & Rose £1	£11½	......	Arnott	400	......
Dyson (R. A.) A	38	......	Carroll (P.J.)	117	+2
Ellis & McHdy	68	−2	Clondalkin	85	......
File Forge	54	......	Concrete Prods.	100	......
Finlay Pkg. 5p	19	......	Heiton (Hldgs.)	82	+6
Graig Ship. £1	265	......	Ins. Corp.	217	......
Higsons Brew	80	......	Irish Ropes	90	......
Holt (Jos) 25p	260	......	Jacob	40	+1
I.O M. Stm. £1	162	+2	T.M.G.	200	+3
Pearce (C. H.)	235	......	Unidare	86	−4
Peel Mills	30	......			

OPTIONS
3-month Call Rates

Industrials		I.C.I.	24	Unilever	55
A. Brew	9	"Imps"	8	U.D.T.	5
BOC Intl.	6	I.C.L.	55	Utd. Drapery	10
B.S.R.	7	Inveresk	7	Vickers	18
Babcock	18	KCA	5	Woolworths	7½
Barclays Bank	32	Ladbroke	22	**Property**	
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	Brit. Land	7½
Boots	18	Lloyds Bank	25	Cap. Counties	9
Bowaters	18	"Lofs"	5	Land Secs.	25
B.A.T.	28	London Brick	7	MEPC	17
Brown (J.)	50	Lonrho	8	Peachey	13
Burton 'A'	26	Lucas Inds.	25	Samuel Preps.	14
Cadburys	7	"Mams"	16	Town & City	2¼
Courtaulds	10	Mrks. & Spncr	11		
Debenhams	8	Midland Bank	30	**Oils**	
Distillers	21	N.E.I.	14		
Dunlop	6½	Nat. West. Bank	23	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Sears	5½
Glaxo	50	Rank Org.	25	Shell	25
Grand Met.	14	Reed Intnl.	18	Ultramar	25
G.U.S. 'A'	30	Spillers	4½	**Mines**	
Guardian	24	Tesco	7		
G.K.N.	28	Thorn	35	Charter Cons.	16
Hawker Sidd	26	Trust Houses	17	Cons. Gold	20
House of Fraser	18	Tube Invest.	30	Rio T. Zinc	27

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Saturday June 9 1979

MAN OF THE WEEK

Mr Bond grounds the big one

BY JUREK MARTIN

LANGHORNE McCOOL BOND was in London on Tuesday, *en route* to what looked like an undemanding, and even pleasant, visit to the Paris Air Show. Less than 24 hours later he was back in Washington, facing a battery of cameras and explaining why he had authorised, for the first time in 33 years of American commercial aviation, the suspension of the Airworthiness Certificate of a civil airliner.

The DC-10 saga may in the end persuade Bond, a man steeped in flying since he was born 42 years ago in Shanghai, the son of a Pan Am executive, that he never wants to have anything to do with aircraft for the rest of his life. For, as head of the Federal Aviation Administration, the agency which both regulates and fosters civil aviation, he is firmly in the hot seat.

Langhorne Bond
Holding up under strain

Already, he is under fire at home for having been too tardy in grounding the DC-10 and abroad for having panicked and acted too quickly and comprehensively. More generally, in the U.S. he is being portrayed as yet another example of the faceless and now distrusted Washington bureaucrat who only makes the news when things go wrong and who is an easy, almost defenceless, target for those in need of a scapegoat.

In fact, Bond's qualifications to head the FAA were nothing short of impeccable. His curriculum vitae reads as though he never had any other goal in mind, unless it is ultimately to become Secretary of Transportation in a U.S. cabinet. Two degrees in law and philosophy from the University of Virginia were followed by spells at McGill university in Montreal and the London School of Economics, both studying aviation.

In the mid-sixties he was a member of the task force that designed the current Transportation Department, which he promptly joined as special assistant to its first secretary and doyen of domestic aviation, Alan Boyd. He worked in Pennsylvania and Illinois, the latter for four years as State Secretary for transportation before being nominated by President Carter to the FAA just over two years ago.

Naturally he is a pilot himself (although he says he does not fly much any more) and his wife, a genetecist, has just acquired her pilot's licence (her first passenger, she says, was her husband).

As FAA head, his mission has been substantially to improve safety and even his critics, of which there are many, admit that he has pursued this goal without regard to offending powerful vested interests, be they manufacturers, airlines, pilots, air traffic controllers or the flying public.

In the stress of the last fortnight, Bond seems to have held up rather well. He has painstakingly argued that whatever action he has taken has been based on the best available evidence on hand at a given time. Moreover even his detractors acknowledge that he inherited, rather than created, such faults as do exist in the FAA's certification and inspection procedures and that he has at least been moving the agency in a remedial direction.

It so happens he drives around Washington in a Government car with a bumper sticker on the back which reads "Impeach Laughorne Bond." This was put out by pilots who claimed he was being unduly harsh on them. Bond laughs about it and refuses to have it removed.

But it may be a premonition of trouble in store for him ahead.

Carter go-ahead for new missile project

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT CARTER of the U.S. has ordered full-scale deployment of the new generation of mobile intercontinental ballistic missile, known as the M-X, a project costing at least $30bn.

A White House official said yesterday that the President's decision, perhaps the most important defence issue he has resolved during his term, meant that there could be no Soviet advantage in an arms race.

Under the SALT 2 Treaty, which President Carter and Soviet President Brezhnev are due to sign next weekend in Vienna, each nation is permitted to develop and deploy one entirely new missile system after the protocol accompanying the treaty expires in 1981.

The Defence Department has said the M-X system could not be fully operative until 1989, though first test firing of the missile could take place in 1983.

Administration officials freely admit that giving the go-ahead to the M-X may increase the chances of Senate ratification of the SALT 2 agreement. Critics of the treaty have said the U.S. is sacrificing military superiority to the Soviet Union.

"The President believes very strongly that this decision strengthens the possibility of significant reductions and controls in SALT 3," said a White House spokesman.

"It stabilises the strategic balance and, without that, serious negotiations would not be possible."

The U.S. intention is to deploy 200 M-X missiles along 4,000 miles of trenches in four Western states—Utah, Nevada, Arizona and New Mexico.

Each missile will be equipped with ten nuclear warheads and each warhead will carry 365 kilotons of explosives. They will be moved along the trenches on railway tracks in order to prevent the Soviet Union from determining their precise location.

Through M-X the U.S. hopes to maintain first strike capability. It is generally agreed that by the middle of the 1980s the existing land-based Minuteman system will be vulnerable to Soviet attack.

Mr. Carter's decision, means he has dropped two other strategic options—deploying the M-X in a number of vertical holes dug in the ground (known as the "shell game," also designed to hamper Soviet detection of precise placement) and development of the Trident missile for use in submarines. He has preserved the so-called "triad" of U.S. nuclear capability, using land-based missiles, missile carrying submarines and missile firing long-range bombers.

The decision to go ahead with the M-X was welcomed by some Congressional hawks with known reservations about SALT 2, and condemned by others as a naked attempt to buy Senate approval for SALT. It puts a number of liberal Senators whom the President was counting on to back the treaties on the spot.

The leader of this group is Senator George McGovern, who said yesterday that the decision "could represent the biggest single waste of public funds since the Vietnam war."

Crash jet checks faulted

BY LYNTON McLAIN

SHORTCOMINGS BY airliner certification authorities contributed to the crash two years ago of a Dan-Air Boeing 707, a Government report said yesterday.

The aircraft was registered in Britain and the British and U.S. airworthiness authorities are criticised for allowing the 707 to fly with an "inadequate failsafe design."

Dan-Air obeyed the UK Civil Aviation Authority's approved *maintenance timetable* for the 707 and is not criticised in the report of the UK Accidents Investigation Branch of the Trade Department.

"Certification, inspection procedures and design assessment all had shortcomings," the report said.

These combined with metal fatigue and the poor failsafe design to cause the crash of the all-cargo 707-321C at Lusaka Airport, Zambia in May 1977.

The CAA changed its safety procedures for old aircraft last year, after a study begun before the 707 crash.

The crash came after the starboard tailplane fell off as the aircraft came into land The crew of six were killed.

The 707 first flew 25 years ago and was certified for airworthiness by the U.S. Federal Aviation Authority, *which this week grounded all* U.S. registered DC-10 aircarft after cracks were discovered in engine mountings.

Over half the 1,000 Boeing 707s sold to date are the Series 300 model which crashed at Lusaka.

Tests showed that 7 per cent of the world fleet of Series 300 airliners had cracks in the rear spar. Four needed new spars. The rest have been modified.

The CAA has approximately 50 Boeing 707s on its UK register. British Airways has over 20, including some Series 300; British Caledonian Airways and Laker Airways have two each and Dan-Air has one.

Jurek Martin writes from Washington: The FAA and the U.S. National Transportation Safety Board declined to comment on the report, although Mr. Robert Burgin, a member of the board's staff, accompanied UK officials as an observer to the scene of the crash.

British Caledonian, which has grounded its three DC-10s, said last night that only 51 passengers were affected yesterday. The airline leased a 707 from Transasia. Laker Airways said it had chartered extra aircraft for inclusive tour bookings until next Wednesday.

BR finds new source of fuel

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH RAIL has secured diesel fuel supplies from a new source, British Petroleum, allowing it to reduce the cuts planned in passenger services.

Its major oil suppliers, Esso and Shell cut British Rail's diesel supplies as part of their rationing schemes for all customers.

Earlier this week British Rail announced that it had lost 7.3 per cent of its normal supplies and would be forced to make a 7 per cent cut in its diesel passenger services.

But in last minute negotiations with other oil companies it has agreed a new supply contract with British Petroleum, which will enable it to limit the reduction in diesel services

BP Oil, the UK refining and marketing arm of British Petroleum, is limiting oil product deliveries to existing customers to the same levels as last year—in effect a cut of 3-4 per cent because of growth in demand.

In common with other oil companies it has been reluctant to take on new sales this year because of the shortfall in its crude supplies, but it has been willing to make an exception for British Rail.

BP Oil, formerly one of British Rail's major suppliers, lost the main diesel fuel contract in recent years to Shell and Esso.

The new supply contract is only for a small volume, but should meet about 3 per cent of BR's diesel needs. Shell and Esso each supply about 380,000 tonnes a year of diesel fuel to British Rail.

BP Oil has been the least affected of the major UK oil companies by the loss of crude oil supplies. Shell has cut its oil product deliveries in the UK to 5 per cent less than last year, and Esso has made an average reduction to 7 per cent below last year.

As a result of the extra supplies BR said yesterday that the cut in its diesel deliveries had been limited to about 4 per cent. Improved maintenance work would save about 2 per cent leaving a need to reduce diesel services by only about 2 per cent.

These cuts will be kept to local urban and rural services. Inter-City, commuter, and holiday services will be virtually unaffected.

Southern Region should escape cuts as most of it is electrified, but Western Region is withdrawing some local trains at off-peak times. London Midland and Eastern Regions are curtailing excursion services, and London Midland will reduce the size of some diesel multiple unit trains.

Fuel crisis overseas, Page 2
Tourist Boards plea, Page 3

Top pay rises 'no guide for unions'

BY PAUL TAYLOR

UNION ATTEMPTS to justify high wage demands in the next pay round on the basis of the Government's latest top salaries pay award "would not stand up," Lord Soames, Lord President of the Council said yesterday.

On Tuesday the Government accepted the 1979 recommendations from Lord Boyle's top salaries review body, which, in conjunction with previously approved increases, will raise the pay of senior civil servants, judges, officers in the services and nationalised industry board chiefs by 25 per cent this year.

Union leaders immediately said these pay awards would raise the general level of expectations in the coming pay round.

Lord Soames, Minister in day to day charge of the Civil Service Department, defended the level of the increases. He said that they were part of a catching-up exercise for top salary people made necessary by the decision of the previous Government to hold back full implementation of the review body's recommendations.

In an attempt to "get the increase into perspective," he pointed out that since 1972 the retail price index had risen by 150 per cent and average earnings by 180 per cent.

In the same period, and including the latest increase, the salaries of the 2,000 people covered by the pay review had risen by only 90 per cent.

The Government regards the increase, and similar awards for 74,000 doctors and dentists, as being an 11.7 per cent rise this year with the remainder of the 25 per cent resulting directly from postponed increases due last year.

Lord Soames accepted that "some people" might attempt to use the increase to justfy excessive wage claims, but said there was "no way" in which the increases could be seen as *opening the door for 25 per* cent demands.

The award forms the second stage of a three-phase process started last year in an attempt to bring top salaries back into line with comparable groups by April 1980.

Lord Soames said that to pay the award at this stage had been the right thing to do, since the pay of those covered still lagged behind other groups.

Turning to the Government's attitude towards manpower reductions in the Civil Service Lord Soames said the Government's initial decision to freeze recruitment and promotion had probably been expected by union leaders.

In the medium-term, he said, further manpower cuts would depend on reducing the workload of the Civil Service.

Civil Service unions reject pay offer, Page 4

Continued from Page 1

Under a third voted in poll

Fermanagh it reached 77 per cent.

Many reasons were being advanced for the mass absenteeism by voters including the closeness of the British general election, the low level of enthusiasm among party workers, especially Labour, the unfamiliarity with candidates in such huge constituencies, and the feeling that the European Parliament was not particularly relevant.

Labour anti-marketeers took comfort from the turnout levels, which they argued showed how deeply the electorate mistrusted the Common Market and any move towards greater centralisation.

Mr. David Steel, the Liberal leader, said he had expected a drop in turnout so soon after the general election but the low level of the poll had been "really disgraceful."

After verification of the number of votes polled was completed the ballot boxes were being locked away under security guard until the count starts tomorrow night when voting has finished elsewhere in Europe. The first meeting of the directly elected parliament will be in Strasbourg on July 17.

Reginald Dale, European Editor, writes: Turnout was higher in the other three countries which voted on Thursday — Ireland, Denmark and the Netherlands — but still much lower than in national elections. The Danish figure was put at 47 per cent, the Dutch at 58 per cent and the Irish at under 60 per cent.

The five countries which vote tomorrow — France, Germany, Italy, Belgium and Luxembourg — are expected to show better returns. The only voting between the *two main polling* dates is today in Greenland, where 25,000 voters are choosing one of the Danish members in the new 410-seat Parliament.

Counting in all EEC countries except the Netherlands starts tomorrow, with the first results likely to start coming in after 10.00 pm. Most of the final results should be known by Monday, the day the Dutch count will be made.

President facing Rhodesia showdown

By Jurek Martin and David Tonge

PRESIDENT Carter may face his first showdown with Congress as early as Monday over his decision to maintain U.S. sanctions against Zimbabwe-Rhodesia. He also appears to be on a somewhat different tack to the British Government.

The showdown could come—unless the Congressional timetable is changed—on the day that Lord Harlech, the British envoy, is to begin his tour of African states.

Amendment

The U.S. Senate is due to debate a Defence Department authorisation bill to which conservative Senators Harry Byrd and Jesse Helms have added an amendment removing sanctions on all strategic materials—including chrome, an important Rhodesian product.

British officials claim that there is no split between Washington and London. They admit that President Carter has specifically rejected the present Rhodesian constitution, whereas Lord Carrington, the Foreign Secretary, has said that he would be guided by the conclusions of the Boyd committee.

This, going beyond its brief, concluded: "We are satisfied that the election did, in fact, constitute a kind of referendum on the constitution."

Officials stress the "very close understanding" reached two weeks ago between Lord Carrington and Mr. Cyrus Vance, U.S. Secretary of State. The objectives of the British and the Americans remain the same, that is to build on the changes resulting from the recent elections and to bring about a return to legality with the widest possible international recognition.

Pressures

Both governments are under different pressures. There is strong Tory backbench feeling against the renewal of sanctions when they come to the vote.

While the British Government is not expected to make any move before the Commonwealth conference in Lusaka in August, President Carter faces an immediate problem.

Senator Helms may try to attach anti-sanctions motions to other pieces of legislation before the U.S. Senate, while in the House of Representatives similar moves are planned.

The U.S. Administration is seeking to delay a confrontation with Congress to have time to rally its forces.

Mr. Vance hopes to testify before the Senate Foreign Relations Committee next week while Administration members are arguing that it would be inappropriate to saddle the President with a major foreign policy setback in the run-up to the Vienna summit with President Brezhnev and the economic summit in Tokyo.

Bishop Abel Muzorewa, Zimbabwe Rhodesia Prime Minister, said yesterday that he was astonished by President Carter's decision. "It would be hard to think of a more blatant example of political expediency and of double standards."

THE LEX COLUMN

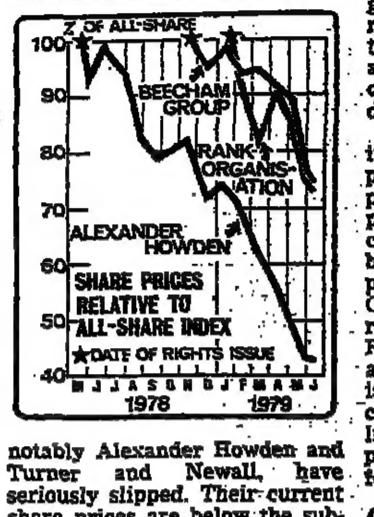
Gilts take trade blow calmly

Even the thought of three sets of monthly trade figures being published in a single day would normally be enough to set a gilt-edged broker sweating, and yesterday's hard facts were suitably nightmarish. A current account deficit of £1bn in the first four months of the year, despite an increasing contribution from North Sea oil, is much worse than the most pessimistic estimates and cannot be explained away by exceptional items.

But gilts took the news with some resilience, just as they had taken the poor banking figures earlier in the week. The jobbers were content with a relatively modest mark-down and a widening of spreads, but no panic selling developed. Sterling lost a net quarter cent in a thin market: what is more remarkable is that it did not fall during the months the current account deficit was being built up. The capital inflows have been enormous — more than £1½bn in the first quarter, giving a surplus on combined current and capital account of £685m.

Capital inflows on anything like this scale rule out a depreciation of sterling to the level that manufacturing industry *would consider tolerable*. Equities were still falling at the close yesterday, with the FT 30-share index showing a fall of 55.4 points since its peak five weeks ago.

Index fell 10.8 to 503.2



Rights issues

In the space of a few weeks shareholders in large companies as diverse as Standard Chartered Banking, Thomas Tilling, UDS and Grand Metropolitan have been called upon to subscribe for new shares. They would be justified in feeling just a little worried about the prospects for their investment in these companies, and not just because it is normal for share prices to dip sharply on the announcement of a rights issue. On the record of the past 18 months or so, the shares of big companies making rights offers tend to underperform the stock market averages for a lengthy period.

Seven British companies launched big rights issues—defined as raising £25m or more—between the beginning of 1978 and January of this year, when Rank Organisation tapped the market for over £62m. Not one of these shares has outperformed the market in the period between the announcement of the issue and now. Several, notably Alexander Howden and Turner and Newall, have seriously slipped. Their current share prices are below the subscription prices even though these were set at sizeable discounts to the then market prices, while the market as a whole—as measured by the FT-Actuaries Index—has risen significantly since these two issues were launched rather more than a year ago.

The rule does not necessarily apply to smaller issues. BTR's rights issue last August, its third in successive years, raised £24m and this did not prevent the shares from continuing to show sparkling performance. Nevertheless, a portfolio invested equally in each of the seven shares on the night before each issue would have underperformed the All-Share by nearly 25 per cent.

This calculation is based not on the actual prices just before the announcements, but on theoretical ex-rights prices which allow for the discounts at which the new shares are issued (but do not reflect any falls in the market in reaction to the issues).

Some modest degree of price weakness might be expected to develop simply because of the sudden increase in available shares. This would correspond to the underperformance of rather less than 10 per cent, for instance, in the cases of Rowntree Mackintosh and Metal Box. The performance of Midland Bank has been only slightly worse. But some other explanation must be sought for the poor post-issue pattern which extends to Rank and Beecham as well as Howden and T and N.

To understand the reason it is worth considering the following facts. Beecham chose to come to the market last November, for its first rights issue for 23 years ahead of 1978 results, which when published last month turned out to show the slowest growth achieved by the group in more than a decade. Howden talked in its rights prospectus about growth, but its subsequent profits showed a sharp drop which shocked the market.

Turner and Newall launched its rights issue shortly after publishing record 1978 profits, but the following year's pre-tax figure dropped 15 per cent. It was a pattern that had been seen in 1977 too, when companies like BSR, Dunlop and GKN had rights issues only to run into profits setbacks. As for Rank, less than two months after announcing the rights issue in January this year the company announced it was unlikely to be able to achieve the profits targets it had set itself for 1978-79.

Question of timing

It cannot just be that rights candidates are accident prone. While it would be an excessively harsh judgment in most cases—though not necessarily all—to suggest that companies have been trying to get money to tide them over a coming rough patch, it is certainly true that finance directors take pride in "good timing." This means choosing a moment when the rating of the shares is high after a period when the company's trading performance has been strong. Consequently, for shareholders putting up the money this is all too likely to be bad timing. Finance directors do not necessarily know that conditions will get worse—but if they think they are going to get better they will probably delay the issue, hoping to get a bit more money later on at a more favourable cost in terms of dividends.

In theory, the interests of the shareholders and the company are one and the same. It is silly for the management to try to get "cheap" finance out of the owners of the business, but it happens all the same. For shareholders the best time to put money into a company is when the market is low, because then the price is likely to go up. But finance directors see it the other way round.

Standard Chartered has special reasons for wanting money fairly soon. But there seems no particular hurry for Tilling, UDS and Grand Met, so their shareholders can draw the uninspiring conclusion that these companies do not expect a "better" opportunity for a rights issue to arise in the near future.

Weather

UK TODAY

GENERALLY cloudy with a little rain. Northern areas brightening during the day.

London, Midlands, E., and Cent. N. England, Wales
Cloudy with some showers. Max. 14C (57F).

S.E., Cent. S., and S.W. England, Channel Isles
Cloudy with occasional rain. Max. 15C (59F).

N. England, Borders, S. Scotland, Ulster
Cloudy at first with some rain, brightening later. Max. 14C (57F).

Rest of England
Mainly dry with sunny intervals. Max. 12C (54F).

Orkney and Shetland
Mainly dry with sunny intervals. Max. 9C (48F).

Outlook: Mainly dry with sunny periods. Some rain in extreme South and N.W. Temperatures near normal.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	25	77	E. Plms.	S	22	72
Algiers	S	25	77	Lisbon	F	29	84
Amsdm.	F	16	61	Locarno	S	23	73
Athens	S	25	77	London	F	18	64
Barcina.	F	23	73	Luxbg.	C	14	57
Beirut	S	26	79	Luxor	S	38	100
Belfast	C	13	55	Madrid	C	23	73
Belgrd.	S	30	86	Majorca	S	25	77
Berlin	C	15	59	Malaga	S	25	77
Biarritz	F	22	72	Malta	S	25	77
Bmghm.	F	16	61	M'chstr.	C	16	61
Blackpl.	C	13	55	Melbne.	C	13	55
Bordx	S	20	66	Milan	F	25	77
Boulgn.	C	13	55	Mntreal.	C	24	75
Bristol	C	15	59	Moscow	S	15	59
Brussels	F	16	61	Munich	C	14	57
Budpst.	F	26	79	Nairobi	S	24	76
B. Aires	S	14	56	Naples	F	25	77
Cairo	S	33	91	Nwcstl.	R	13	55
Cardiff	R	13	55	N. York	H	23	73
Cas'b'ca	F	22	72	Nice	S	24	75
Cape T.	S	17	62	Nicosia	S	26	79
Chicago	S	28	82	Oporto	S	22	72
Cologne	C	16	61	Oslo	C	18	64
Cpnhgn.	S	17	63	Paris	C	17	63
Corfu	S	28	82	Perth	R	21	70
Dublin	C	14	57	Prague	F	19	66
Dbrvnk.	C	25	77	Reykjvk.	C	7	45
Ednbgh.	C	11	52	Rhodes	S	25	77
Faro	S	27	81	Rio J'o	S	26	80
Florence	F	26	79	Rome	S	24	75
Frankft.	F	17	63	Salzbrg.	C	16	61
Funchal	S	21	70	Stckhm.	S	27	81
Geneva	S	19	66	Strasbg.	F	19	66
Gibrltr.	S	23	73	Tehran	S	29	84
Glasgow	R	12	54	Tel Aviv	S	25	77
G'nsey	Fg	12	54	Tenerife	S	22	72
Helsinki	F	29	84	Tokyo	C	24	75
H. Kong	C	25	78	Toronto	H	24	75
Innsbrk.	F	20	68	Tunis	F	27	81
Invrnss.	R	10	50	Valencia	S	25	77
I.o.Man	C	12	54	Venice	S	25	77
Istanbul	S	22	72	Vienna	F	24	75
Jersey	R	13	55	Warsaw	F	23	73
Jo'burg	S	18	64	Zurich	F	17	63

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. H—Hazy.

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